Daily Report

Central Eurasia

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Negotiations in Groznyy

Yarikhanov Accuses Moscow of Disregarding Accord

LD3108153895 Moscow INTERFAX in English 1236 GMT 31 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 31 (INTERFAX) — Chief Chechen negotiator Hodj-Ahmed Yarikhanov Thursday accused the Russian government of ignoring the terms of the military accord agreed upon by the two parties.

Moscow "disregards the military accord. It has replaced it with a demand for unconditional surrender," Yarikhanov said in a formal statement.

"The Chechens are determined to meet the military accord and see the need for the presence of independent military and civilian observers who enjoy a sufficient degree of authority for making the conflicting parties show full respect of the bilateral agreements," the statement said.

Earlier the Chechen negotiators were displeased with what they saw as procrastination by the federal forces with regard to troop withdrawal and prisoner exchange.

Chechen Statement Calls for Independent Observers

LD3108103695 Moscow ITAR-TASS World Service in Russian 1001 GMT 31 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Translated Text] Groznyy, 31 Aug (ITAR-TASS) — The Chechen side believes that "independent military and civil representatives with long-term powers" from other states should be present as observers of the implementation of the agreement on the military package. This was mentioned in the statement by the Chechen delegation at the Groznyy talks read by Khozh-Akhmed Yarikhanov today.

In the statement the Chechen side accused the Russian authorities of breaching the agreement on the military package and stressed that "the Russian side was ignoring the agreement outright, having replaced it with an ultimatum on unconditional surrender."

The federal forces, too, were accused of carrying out artillery and air strikes against a number of populated areas in the republic, attempts on Dudayev's life, and actions "aimed at splitting Chechen society."

Yarikhanov said that the full text of the statement had been handed to Russian representatives at the special supervisory commission's meeting today.

ITAR-TASS does not yet know the Russian Government delegation's reaction to this statement.

Chernomyrdin Rules Out Negotiations With Dudayev

LD3108082795 Moscow ITAR-TASS World Service in Russian 0737 GMT 31 Aug 95

[FBIS Translated Text] St. Petersburg, 31 Aug (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin has called Dudayev a criminal with whom it would be wrong to sit at the negotiating table. He made this statement in reply to journalists' questions at Pulkovo airport after flying into St. Petersburg, where he has arrived in order to visit the "Russian Farmer" international fair.

Special Observer Commission Meets in Groznyy

LD3108122095 Moscow ITAR-TASS in English 1116 GMT 31 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 31 (ITAR-TASS) — An observer commission monitoring the implementation of a peace accord reached in Chechnya has met in Groznyy today. Head of the press centre of the command of joint federal forces, Colonel Yesyutin, said that the two co-chairmen of the commission, Aslan Maskhadov and Anatoliy Romanov, pointed out that some progress had been reached in the realization of the military accord. In particular, 33 Chechen settlements have been involved in the process of disarmament and 905 firearms had been surrendered by now.

Commander of federal troops in Chechnya Anatoliy Romanov informed the Chechen side about a session of the Russian Security Council and a stance taken by the Russian president on the problem of Chechnya.

Yesyutin said that the problem of the exchange of prisoners of war will be high on the agenda of the session which will discuss a step-by step exchange suggested by the federal command. In the first stage, 15 Russian prisoners of war kept in the area of the settlement of Chiri-Yurt are expected to be exchanged for 210 Chechens.

The Chechen side has not accepted these proposals yet. Chechen representative Movladi Udugov said that the establishment of any proportions for an exchange of Russian servicemen, kept in captivity by Dudayev's supporters, into Chechens held by federal troops means a departure from the military accord, envisaging an exchange of POW's on the "all-for-all" principle.

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Russian POW Exchange Plan Rejected

LD3008163295 Moscow INTERFAX in English 1508 GMT 30 Aug 95

[FBIS Transcribed Text] Groznyy, Aug 30 (INTERFAX) — Using any rate of exchange in swapping Russian POW's held by the separatists for the detainees held by federal authorities would be a deviation from the military agreement, signed in Groznyy on July 30, under which all prisoners had to be exchanged. Movladi Udugov, Dudayev's press officer, told journalists in Groznyy that this is the essence of a statement made by the Chechen chief of staff Aslan Maskhadov at a Special Observer Commission [SOC] meeting Wednesday.

The Russian joint command in Chechnya says that Dudayev's supporters hold 89 Russian servicemen while the Chechen representatives say there are just 15 of them while the federal authorities have detained 1,438 Chechens.

The Russian command suggested at the August 29 meeting of the Special Observer Commission that the exchange should start with swapping 15 Russian servicemen for 210 Chechens and then continued at this rate.

Lieutenant General Anatoliy Romanov, commander of joint Russian forces in Chechnya, told INTERFAX Tuesday that this proposal does not supersede the exchange of all the prisoners. It sets the conditions of only one stage in the swap, he explained.

Udugov said that the two sides exchanged accusations of violating the military agreement when the SOC met Wednesday.

The Russian negotiators would like the disarmament of the Chechen militias and population to proceed at a faster pace while their Chechen counterparts are dissatisfied with the way the federal forces are withdrawn from the populated areas and the republic.

On the other hand, Udugov said, the two sides reiterated their commitment to the agreement.

In response to an INTERFAX question, Udugov said that if the schedule of weapons surrender submitted by the Chechen negotiators is observed, this process could be realistically expected to complete on September 29.

Udugov believes that the proposal, made by the federal command the day before, under which surrender of 40,000 to 50,000 firearms should be regarded as the target is illegitimate. In his words, the Chechen authorities would adhere to the agreement which does not specify the number of weapons.

According to Udugov, Maskhadov had repeatedly said that the Chechen authorities welcome the disarmament of the population. "As few as 4,000 to 6,000 firearms were actually involved in the fighting. The remainder is dead wood or weaponry which could be used by gangsters," Udugov said.

He emphasized that the Chechen authorities want these weapons surrendered and destroyed.

Udugov denied that Shamil Basayev holds 48 Russian POWs. Lieut. Gen. Anatoliy Romanov had mentioned this figure the day before.

Udugov said that the Chechen State Defense Committee held a meeting Tuesday under Dudayev's chairmanship to discuss issues in marking the 4th anniversary of Chechnya's independence on September 6. Udugov does not know anything about the decisions made at the meeting.

Yeltsin Welcomes Chechnya Equally Into Federation

LD3008155695 Moscow ITAR-TASS in English 1502 GMT 30 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 30 (ITAR-TASS) — Russian President Boris Yeltsin said Russia wants Chechnya to become an equal member of the Russian Federation and live by its constitution and the Constitution of Russia.

Addressing the Russian Security Council on Wednesday, "Boris Yeltsin stressed the sincere desire of all Russian people to help Chechen people to become as equal as all other peoples of the Russian Federation and live, after the elections, by its Constitution and the Constitution of Russia," presidential spokesman Sergei Medvedev quoted him as saying.

"President Yeltsin drew the journalists' attention to the fact that often their coverage of events in Chechnya is excessively emotional and one-sided," Medvedev said.

He also quoted the president as telling the Council members that "to the detriment of the real picture, focusing on mistakes and flaws, journalists often neglect the side which is connected with the restoration of economy and normal life in the Chechen republic."

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Comments on Security Council Session

LD3008173195 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 30 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] Today's sitting of the Security Council focused on Chechnya.

[Correspondent Sergey Suntsov] The Russian president gave a positive view, on the whole, of the progress of the peace talks in Groznyy and the work of the Russian Government delegation. Following the signing of accords on the military package of issues, active combat operations were stopped and disarmament started. At the same time, the process is being dragged out. There has been a growing number of armed provocations by the fighters, and this fact allowed the president to speak about a step backwards.

After today's session of the Security Council, which lasted over two hours, the Russian president commented on its proceedings for Russian Public Television and said that the conversation was very tough and straightforward.

[Begin Yeltsin recording] Ministers, leaders, and the government had to field very strict questions, very strict. Unfortunately, yet another error has been committed. After the Dudayev forces had been driven into the mountains, all the civil authorities, including our federal ones with their structures, should have gone to these liberated populated areas in order to establish their bodies of power over there straight away, work with the population and restore normal life for people, so to speak, but they failed to do so. They should have prepared a basis for the return of the refugees who had fled the Chechen Republic, and these include Russians, Chechens, and other nationalities.

Oleg Nikolayevich Soskovets, first deputy prime minister, who for the time being is in charge in the government for the issues of settling the Chechen crisis, made a report. Further, Interior Minister Kulikov, Nationalities Minister Mikhaylov, and Secretary of the Security Lobov, who I have appointed plenipotentiary presidential envoy to the Chechen Republic, gave supplementary reports. Lobov will spend most of the time over there, and until elections have been held in Chechen Republic he will be the top official there. [end recording]

[Suntsov] Having mentioned the important role of the media in covering the situation in the Chechen Republic the president, however, asked journalists to be extremely cautious and sensitive in covering events in North Caucasus.

[Begin Yeltsin recording] Of course, there should be no cover-up, everything should be reported openly but positive facts, at least a little bit, should be given, too, especially as they exist in reality. I have read about the help given to the Chechen republic over this period, how many houses, accommodation, schools, kindergartens, roads, water pipes, and sewage systems have been built as well as the extent of financial assistance. For the first time in three years pensioners received pensions. Bandit Dudayev together with Basayev established a regime under which pensioners were deprived of pensions. What hardships people had to suffer over there. We want to help the Chechen people and make it equal to all the other peoples of our great Russia. And of course I'd like to congratulate those Chechen children and teachers who, for the first time in many years, will go to schools, universities, institutes, and other educational establishments on 1 September. [end recording]

Says Restoring Law, Order Top Priority

LD3008163095 Moscow INTERFAX in English 1508 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — President Yeltsin has said that as measures to promote further settlement in Chechnya are drawn up, the restoration of law and order and the guarantees of human and civic rights and freedoms and peace must be sought in the first place, the presidential press service said after Wednesday's Security Council session in Moscow.

The Security Council considered measures on further peace settlement in the Chechen republic.

Speakers at the session said that as those measures are taken, political means must enjoy priority. At the same time the Security Council pointed to the need for ruling out compromises harmful to Russia's national interests or security, the presidential press service said.

Speakers at the Security Council's session said that in spite of the concluded agreements on the disarmament of illegal armed formations the situation in Chechnya remained complicated and controversial.

The worsening of the crime situation and destructive activity by certain forces trying to reanimate the previous regime, restore and strengthen illegal armed formations and upset the process of their disarmament hinders the process of getting back to normal. There have been systematic armed provocations against federal troops. The situation is aggravated by the absence of effective resistance to massive brainwashing of the population by nationalist separatists, the presidential press service said.

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According to participants in the Security Council's session in Chechnya there was a wide gap between serious practical results in resolving military problems, on the one hand, and active political and economic measures, on the other. For instance, the Security Council's session noted serious drawbacks in restoring social infrastructures in Chechnya, paying compensation, grants and pensions to the population. The problem of restoring housing was particularly serious. The federal housing program for Chechnya has been implemented a mere 17%. Drinking water is in short supply and there are serious problems with restoring the sewage system and electricity and power supply.

Employment is one of Chechnya's burning social problems. More than 200,000 people in the republic are unemployed. The lack of government banking and treasury infrastructures hampers the solution of social and economic problems. Law enforcement agencies are unable to adequately respond to crime because they are short of equipment. A judicial system has not begun to be set up yet.

The Security Council's resolution points to the need for resolutely overcoming the negative trends in Chechnya.

Yeltsin issued specific instructions to government ministers and said that all ministries and agencies must take an active part in restoring life in Chechnya back to normal.

Lobov Discusses Plans for Solving Chechen Crisis

LD3008205395 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 30 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] Oleg Lobov believes that there is still a danger of a return to military confrontation in Chechnya. The presidential envoy to Chechnya believes, nevertheless, that Dudayev still has a chance to play a role in settling the Chechen crisis peacefully.

[Correspondent Nikolay Ivanov] The secretary of the Security Council, who sees his task in Chechnya not in making the Russian side's position at the talks tougher but, rather, in attempting to engage presidential structures in solving the crisis, told journalists of the Russian authorities' plans developed at today's sitting of the Security Council regarding the notorious republic.

[Begin Lobov recording] So the question stands as follows: let's carry out disarmament in general — obviously not to the last unit — and put it down on paper as a document, as a presidential decision and decisions of local bodies of power and the military to the effect that the disarmament is on the whole being completed and proceeding normally. Then preparations for the elections and nominations could start. The Security Council supported the view that the range of leaders to hold talks with should be considerably expanded. There were hostilities, some of the leaders kept a low profile and others left, but now many have come back and demonstrated their good organization and influence. In our view, they should include even leaders we did not recognize before. [end recording]

[Ivanov] Oleg Lobov said that President Yeltsin had given instructions to pay compensation to people for their ruined housing. The Security Council thoroughly discussed the Chechen population's employment since 200,000 people are out of work there now. According to Lobov, the idea of recruiting Chechen young people in military construction detachments was supported. They will serve in their republic restoring the devastated economy. A decision was made to resume classes in September in the local schools in that had been restored.

Oleg Lobov said that the only issue that was not discussed at today's Security Council was that of Dzhokhar Dudayev's possible participation in talks on the political block of issues. It is obvious, though that the number of people empowered to hold such talks with the Russian side will be greatly increased in the immediate future, and Ruslan Khasbulatov could be one of them.

Comments on Chechen Elections

LD3008162495 Moscow INTERFAX in English 1508 GMT 30 Aug 95

[FBIS Transcribed Excerpt] Moscow, Aug 30 (INTERFAX) — There are many political issues relating to Chechnya that must be discussed, some of them are urgent. That is why it is necessary to begin "working at them right now, not waiting for the disarmament to complete," Oleg Lobov, head of the Russian Security Council and Russian President's envoy to Chechnya, told journalists after a Security Council meeting in Moscow Wednesday.

He believes that the issue of elections in Chechnya is directly linked to the disarmament of illegal armed groups. "The Dudayev side would like to hold the elections on October 27, when Dudayev's "presidential" term ends. Local power bodies would like to hold the elections on November 5," said Lobov.

However, most experts who spoke at today's Security Council meeting favor holding talks on the date of the elections with all real political forces of Chechnya now (Lobov estimates there are about 10 political parties in Chechnya today). And afterwards it will be possible to

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begin propose [as received] candidates for the elections, said Lobov.

He also said that the experts who recently visited Chechnya oppose the scheme. They claim that it is "illogical" to begin proposing candidates as the Chechens, including militants, are still illegally keeping 70,000 weapons. [passage omitted]

Council Members Address Resolving Chechen Conflict

LD3008171495 Moscow NTV in Russian 1500 GMT 30 Aug 95

[Passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] Russian Security Council Secretary Oleg Lobov, says that the Russian leadership does not see the need for the NATO raids in bosnia-Herzegovina. He said this following the council's meeting in Moscow today. The meeting's main topic, however, was the Chechen crisis. Correspondent Aleksandr Zinenko reports:

[Zinenko] The Security Council decided to widen the circle of Chechen leaders with whom talks should be held on resolving the conflict. Moreover, President Boris Yeltsin said that he is ready to deal with political figures in person, even those who so far have not been recognized by Moscow. [video shows State Duma Chairman Ivan Rybkin — identified by caption — addressing journalists in a corridor]

[Rybkin] "The discussion concerned the process of finding a political solution in the Chechen Republic, the process of preparing for elections, attracting new people, new political figures, the well-represented Chechen diaspora in Volgograd, Rostov, Stavropol, and here in Moscow. In any case, I put it to them that they might understand their share of responsibility and take part more actively."

[Zinenko] That is what Ivan Rybkin said after taking part in today's Security Council meeting. However, General Dudayev is absent from the new list of Chechen activists with whom the Kremlin is ready to hold negotiations.

Security Council Secretary Oleg Lobov, addressing a news conference after the meeting, said:

[Lobov] "The issue of holding talks personally with Dudayev was not discussed, not discussed, but there is no ban on talking to any of the rest. But I do not think that Shamil Basayev is a political figure; that is a different category, am I right? It is a matter of the category of people who are not connected in any way with terrorist activity."

[Zinenko] Observers drew attention to how mildly Oleg Lobov spoke about Dudayev, until now considered in Moscow as war criminal number one.

[Lobov] "I do not know him personally. To find out how a person speaks, you need to eat with him and work with him. But according to the information I have, and from studying the literature I have, including a book about him published in the Baltic states, he is a very contradictory figure, contradictory; he may be under the influence of different forces, changing his views often. He has the chance to reach a sensible conclusion, slight, but nonetheless a chance."

[Zinenko] The Security Council said that holding elections in Chechnya would be possible only after disarmament of illegal armed formations.

[Lobov] "Even putting forward candidates is not logical when 70,000 weapons are still held."

[Zinenko] Oleg Lobov said fundamental disarmament needs to be implemented, after which preparations for the elections in Chechnya can begin. But it is early to talk about specific dates. Oleg Lobov reported that the Security Council touched on the issue of Bosnia only in passing. However, Yeltsin said that it is impossible to allow a version of the Yugoslav crisis in Russia. [video shows Security Council meeting; news conference; shots of the Kremlin]

Shumeyko Stresses Importance of Negotiations

LD3008142395 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — As they settle the Chechen crisis, the federal authorities will have to act along two lines. They will encourage negotiations and fight provocations, the speaker of the upper house of parliament, the Federation Council, Vladimir Shumeyko has said.

Shumeyko, who is a permanent member of the Security Council, told INTERFAX after the Security Council's Wednesday session on the Chechen crisis that he was certain the federal authorities had taken the correct attitude to the Chechen problem by maintaining negotiations with Chechen forces interested in the peace settlement.

Shumeyko said that at the same time the Security Council pointed to the need for a tough and uncompromising response to any attempts to upset the settlement process and to provocations.

Shumeyko said Security Council members were unanimous that at the current phase the federal authorities would have to act along both lines simultaneously.

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Russian, Chechen Commanders Discuss Disarmament

LD3008224595 Moscow Russian Public Television First Channel Network in Russian 2030 GMT 30 Aug 95

[Video report by correspondent Andrey Murtazin "from Chechnya"]

[FBIS Translated Text] The 30 July military agreement can be implemented and, when there is a will of both parties, it is producing real results. An example of this is a dialogue between the federal forces command and (Aslambek Abdul Khadzhiyev), one of the most influential field commanders in Shalinskiy and Vedenskiy districts. General Yevgeniy Skobelev, deputy commander of the group of Russian federal forces in Chechnya, met with him today.

Thirty-seven weapons were recently surrendered in the Shalinskiy District, and Dzhokhar Dudayev's representative is prepared to continue the disarmament of the formations under his command. At the same time, however, he insists that this disarmament should be accompanied by a withdrawal of the federal troops. It must be pointed out that a Russian brigade near Shalinskiy has recently suffered hardly any night attacks — unlike other places where the federal forces are deployed.

Summing up the results of the meeting, Gen. Skobelev and (Aslambek Abdul-Khadzhiyev) told journalists that the next consignment of weapons will be surrendered in Shalinskiy District in the next few days.

[Skobelev] All the field commanders we have spoken to say they are in favor of disarmament. These are the field commanders who took part in combat operations. They know what death is.

[(Abdul Khadzhiyev)] Unfortunately, there are still forces in the republic that are interested in the troops staying here.

[Murtazin] Can you name these forces?

[(Abdul Khadzhiyev)] Before 26 November 1994, these forces were in opposition, and after 26 November they became traitors.

Zhirinovskiy Calls For Military Blockade

LD3008175495 Moscow INTERFAX in English 1538 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, has said he does not believe in the disarmament going on in Chechnya and has called for imposing "a full economic and military blockade on this republic."

Zhirinovskiy told INTERFAX in an interview today that it was useless to hold any talks with the Chechen side. Zhirinovskiy said peace in this region might be achieved only by squeezing gunmen out to abroad as rebels had been expelled from Middle Asia in the 1920s-1930s.

Zhirinovskiy said the disarmament of the Dudayev rebels under the military agreement signified a "re-armament" of the Dudayev army "which hands over outdated arms and buys new arms" for the money received for the old weapons.

Zhirinovskiy also criticized the appointment of Russian Security Council Secretary Oleg Lobov as the Russian president's envoy to Chechnya. He said Lobov was "not a specialist in the East or the Caucasus."

With regards to the future status of Chechnya, Zhirinovskiy said he believes Chechnya must become part of a big North Caucasian guberniya (district) whose center should be in Rostov.

Military Operations

Kolesnikov Views 'High Level' of Armored Troops

LD3108124595 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 0750 GMT 31 Aug 95

[FBIS Translated Text] The Chechen campaign only confirmed the high level of Russian armored troops, Mikhail Kolesnikov, the head of the Russian Armed Forces general staff said in an interview with the Ekho Moskvy radio station.

He thinks that "losses of tanks were connected with urban battles where losses are always greater."

"Having taken account of the experience of the Chechen campaign we will not change tanks or change our battle tactics," Kolesnikov emphasized.

Chechen Official Opposes Creation of Militias

LD3008175195 Moscow INTERFAX in English 1537 GMT 30 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 30 (INTERFAX) — Khamid Inalov, interior minister at the National Rebirth Government of Chechnya (headed by Salambek Khadzhiyev) opposes the creation of militia brigades in Chechnya's settlements, as provided for by the military agreement signed in Groznyy on July 30.

Inalov told INTERFAX Wednesday that if illegal armed groups hand over all their weapons there will be no need for militia to protect civilians.

Under the agreements between representatives of the Russian government and of Dzhokhar Dudayev, the

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creation of militia brigades is linked to the disarmament of illegal armed groups.

According to Inalov, only local Interior Ministry bodies must be in charge of maintaining law and order in Chechnya.

Politics and Nationalism

Yeltsin Berates Authorities For 'Power Vacuum'

LD3008143195 Moscow ITAR-TASS in English 1416 GMT 30 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Excerpt] MOSCOW, August 30 (ITAR-TASS) — Russian President Boris Yeltsin scolded local governments for their inability to fill in the "power" vacuum in Chechnya following the end of combat operations in this North Caucasus republic.

The president's spokesman Sergey Medvedev said Yeltsin "pointed out the mistakes made during the military operation (in Chechnya) which have considerably aggravated the situation."

One of such mistakes was that local bodies of power turned out to be unprepared for dealing with the situation and organising peaceful life on the liberated territory.

"For example, after the militants had been driven into the mountains, there were neither members of the administration, nor police, nor representatives of civilian professions to replace the troops. Nothing had been prepared on these territories for the return of refugees either," Medvedev quoted Yeltsin as saying. [passage omitted]

Former Premier Seeks To Restore 1992 Constitution

LD3008165895 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — The Chechen government of popular trust headed by Yaragi Mamadayev deems it necessary to restore the Chechen Constitution of March 12, 1992.

The government made a statement handed to INTERFAX today saying that the constitution, "as the latest act of national accord" "will automatically restore the traditional balance of power among Chechen public-and-political organizations, which was broken in the summer of 1993." The government of popular trust said this was the only acceptable option "for everyone directly or indirectly interested in peace in Chechnya."

The government said this constitution was important because "while consolidating the nation, it laid a legal foundation for building in Chechnya a civil democratic society taking into account the rights of all layers of the Chechen population which includes 100 ethnic minorities and has many religions."

The government of popular trust also believes that due to the restoration of the constitution and the expiration of the powers of the Chechen legitimate authorities (the president, parliament and government) in September-October of 1995, the creation of a state council of Chechnya must urgently be declared. The government of popular trust said the state council would be created on a coalition basis from all public-and-political forces for a year. The state council will include from 60 to 80 people. The state council is expected to become the supreme representative body in Chechnya until free elections.

The government of popular trust said former chairman of the Russian parliament Ruslan Khasbulatov, Chief of the Federal Executive Power Territorial Department in Chechnya Nikolay Semenov and Dzhokhar Dudayev might be elected to the state council's leadership.

Yaragi Mamadayev, who heads the Chechen government of popular trust, was appointed as the Chechen prime minister by the parliament in May 1993. However, he was later dismissed as prime minister by Dzhokhar Dudayev.

Effects on Chechen Community

Chechen Minister on Groznyy Restoration Work

MM3008144295 Moscow PRAVDA in Russian 30 Aug 95 p 2

[Interview with Elmurz Ismailov, Chechen Republic minister of construction and chairman of the Commission for Surveying Destroyed Housing Stock for the Purpose of Its Restoration, by Yuriy Golyshak and Viktor Kharlamov, datelined Groznyy-Moscow; date not given: "...The City Will Live!" — first paragraph is PRAVDA introduction]

[FBIS Translated Text] (Elmurz Ismailov, Chechen Republic minister of construction and chairman of the Commission for Surveying Destroyed Housing Stock for the Purpose of Its Restoration, attempted to dispel our correspondents' doubts. He is the man who rebuilt Leninakan....)

[PRAVDA] So, how many homes in the city of Groznyy have been sacrificed at the altar of war? Have you done a calculation yet?

[Ismailov] Approximately one-half, excluding buildings where only window panes have been blown out or

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whose roofs have been hit by shell fire in one or two places. We are left with about 50 percent. The other 50 percent are due for demolition. Can you imagine Moscow with every other house destroyed? This is exactly the picture we have in Groznyy now.

[PRAVDA] It is frightening to think how many years it will take to rebuild the city....

[Ismailov] Construction work is already under way now. Furthermore, I can and should draw parallels: Yes, the work in Groznyy will be much more complex than in earthquake-hit Armenia. Are you interested in figures? Now, some five or six months after the end of active combat operations in Groznyy itself, our organization has undertaken to commission 150,000 square meters of housing. This will require 100 billion rubles [R].

[PRAVDA] By year's end?

[Ismailov] Yes. Given normal financing, I will get it done within three months. I give my word!

[PRAVDA] What do you mean by "normal financing?"

[Ismailov] I must be given funds to procure construction materials, I must be able to pay wages — this is what I mean. This is how it should be! Then the annual target can realistically be met in one quarter. For example, in April we built 20,000 square meters, and in May we managed all of 50,000. This is approximately 500-550 private sector homes. And the planned 150,000 square meters are equivalent to approximately 1,500 private homes.

[PRAVDA] How many private homes were there in total in Groznyy?

[Ismailov] About 1.65 million square meters. Taking into account the efforts by teams which have arrived from outside, at best a total of 300,000 square meters in the private sector will be restored in 1995.

[PRAVDA] Have we understood correctly that you will supply all these outside teams with materials?

[Ismailov] No. They will take care of their own supplies.

[PRAVDA] And so they should. But we have spoken with people — most of them arrive without....

[Ismailov] Most of them arrive without anything. I know almost all these builders from Leninakan, and naturally they come here for help. We have to help, what can you do?

[PRAVDA] Is there anyone here from Moscow?

[Ismailov] Of course. I have here on the wall a map of the city and a list of construction organizations, see for yourselves. Moscow's "Soyuzspetspromstroy" Organization, "Rossevzapstroy," "Uralkhimstroy," people from Volgodonsk, "Roskhimstroy...." Many organizations [from right across the country], from Ulyanovsk to Dagestan. They all would like to work, but nobody is getting paid.

[PRAVDA] And who should be financing the construction work?

[Ismailov] The Russian Ministry of Construction. Over a five-month period I have received R2 billion against a total annual requirement of R100 billion. Give me an advance of at least R30 billion and I will make a grand job of it! But they do not give it, even though we are crying for it.... Only 3,000 people are working, and we need 10,000-12,000.

[PRAVDA] Have all the sites where work is under way been cleared of mines?

[Ismailov] We are trying. Sappers are working in coordination with us, but who can guarantee the "all clear" underneath the rubble?

[PRAVDA] We heard rumors that workers are demanding R200,000-250,000 for a day's work?

[Ismailov] No.. This is rubbish. I assume that people will work for R1 million per month, outsiders for R2 million. They earn per diems, all the coefficient payments, for [working in the zone of] military operations.... Apparently there is no danger for the locals, they do not get paid for this work, but when it comes to outsiders — here you are.

[PRAVDA] And who decides whether a home will be demolished or restored? Are there any arguments about this?

[Ismailov] There have been no serious arguments so far. I am chairman of the central commission, which issues the verdicts. We are working in downtown Groznyy and along the main avenues.

[PRAVDA] Does that include the presidential palace?

[Ismailov] Yes, of course. No decision has been made about it so far.

[PRAVDA] Therefore, you cannot confirm the rumors about the possible demolition of two stories?

[Ismailov] All this is just talk. If it were up to me, the palace would be fully restored, but no decision has been made about it so far. I believe that such a building ought to be preserved for the city. Those who want to avoid problems simply say: "Demolish everything, clear everything up, and set up a green belt...." Even though "Kavkaz" is of no special value in architectural terms, it is a downright sacrilege to

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talk about demolishing the old Council of Ministers building. But many people in the powers that be could not care less. For myself, I will fight all-out for the complete restoration of Victory Boulevard, homes in downtown Groznyy, and our famous tower not far from the presidential palace.

[PRAVDA] Is that realistic?

[Ismailov] Why not? This tower extends for six stories underground, and it was built using the elevation overlap [podyem perekrytiy] method. This method was first applied in Yerevan, when the Youth Palace was being built. It appears that there were two such building in the [Soviet] Union — one here, one in Armenia. If it is theoretically possible to save the building, let us try our luck. Look, the demolition costs will be greater than the restoration costs! Cellars, foundations — demolish everything?!

[PRAVDA] What is the situation regarding the restoration of hospitals and schools?

[Ismailov] We are not letting a single institution be demolished. Come what may, we will restore the university, the 10-story Oil Institute building, and even the five-story block that was completely burned down — we will restore that, too. The restoration schedule lists only 14 out of the 56 schools, there is nothing we can do about it.... The federal program listed work to restore only three hospitals, but we raised this figure to 10-12.

[PRAVDA] And your top priority?

[Ismailov] To solve the problems of water supply, sewerage, heat supply, power supply.

[PRAVDA] Therefore, the city of Groznyy will live?

[Ismailov] I do not doubt it at all! Even though it may take years and years....

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ITAR-TASS Carries Press Review for 31 Aug

LD3108060095 Moscow ITAR-TASS in English 0453 GMT 31 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 31 (Itar-Tass) - "ROSSIYSKIYE VESTI" carries an article under a headline "the Kremlin sets the clock forward to peace in Chechnya," quoting Russian president Boris Yeltsin, who addressed a session of Russia's Security Council yesterday. The article reports about measures which the Security Council outlined to attain political settlement of the Chechen crisis.

"IZVESTIYA" and "TRUD", commenting on the session of the Security Council, highlighted part of the discussion by the Security Council which said that the progress of disarmament of Chechen militants was unsatisfactory. The Chechens are not in a hurry to say "farewell to arms," Izvestiya said in a headline to one of its publications.

"KRASNAYA ZVEZDA" comments on the forthcoming elections to the Chechen parliament and executive bodies of power. The newspaper says that Chechnya will simultaneously choose its geopolitical future and strategic allies and friends. "Whether Chechnya should look to the North in the direction of Moscow or South across the Caucasian mountains? Whether it should remain part of Russia or cherish illusions of its sovereignty?" the newspaper wonders, saying that both Russia, Chechnya's close neighbors and the whole world community are waiting for Chechnya to make its choice.

"TRUD", "IZVESTIYA", "KOMSOMOLSKAYA PRAVDA" and other newspapers report on NATO air strikes on positions of the Bosnian Serbs around Sarajevo. "NATO begins a big war with the Bosnian Serbs", IZVESTIYA says in an article by its political observer Maksim Yusin. The newspaper said that similar to previous NATO's operations in Bosnia, no one bothered to consult with Russia. During private discussions Russian diplomats do not attempt to conceal their annoyance that the West increasingly tends to use arguments of force, the newspaper said.

On front pages of many newspapers there reports about an attempt on the life of Georgian leader Eduard Shevarnadze. The newspaper quoted Shevarnadze as saying that "Georgia will put an end to terrorism once and for all." "KOMSOMOLSKAYA PRAVDA" publishes a report about the reaction evoked in Russia and Georgia by an attempt on Shevarnadze's life, saying that "Shevarnadze has survived by miracle". The newspaper quoted the words of the Russian president, who expressed his concern and wished Shevarnadze soonest recovery, speaking by telephone with officials of the Georgian embassy.

"ROSSIYSKIYE VESTI" publishes an interview with deputy chief of a department in charge of territorial issues of the President's administration, Sergey Samoylov. Samoylov commented on painful national problems in Russia, linking them with the need to foster Russia's statehood on a nationwide scale. Samoylov said that resolving these problems by setting natural rights of people at loggerheads with state interests was "a fruitless and dangerous" way.

"KRASNAYA ZVEZDA" carries an interview with chairman of the Central electoral Commission Nikolay Ryabov who commented on army servicemen's franchise guaranteed by the constitution.

"SOVETSKAYA ROSSIYA" publishes an interview with a school teacher Valeriy Krjukov, who complained of insufficient funds allocated to education in Russia.

"PRAVDA" carries an interview with the first secretary of the central committee of the Ukrainian Communist Party, who believes that the country cannot come out of the crisis, turning away from socialism.

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Yeltsin Comments on Air Strikes, Yugoslav Situation

Urges Peaceful Solution to 'Crisis'

LD3008154695 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 30 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] In Moscow today there was a session of the Russia Security Council. But more of that a little later. Immediately after the session, the Russian president gave for our program an exclusive interview in which, among other things, he commented on the events in former Yugoslavia:

[Begin Yeltsin recording] [video shows Yeltsin seated at desk] Our position is that we both denounce the first action and denounce the bombing strikes also. After all, we are not in favor of a forcible resolution of the Yugoslav crisis and, as I see it, my proposal to call a peace conference of leaders of major states and leaders of the main Yugoslav states would be a way of dealing with the question, and agreement could be reached there as to how to finally put an end to it and restore peace in Yugoslavia. I think there should be no more delay and not later than — some preparation time will be needed — but not later than in October such a peace conference should be held somewhere in a European country. [end recording]

Denounces Violence, 'Cruel' Air Strikes

LD3008120595 Moscow ITAR-TASS in English 1201 GMT 30 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 30 (Itar-Tass) — Russian President Boris Yeltsin on Wednesday slammed the use of force by any side in the former Yugoslavia.

"Boris Yeltsin denounces all acts of violence on the territory of the former Yugoslavia. It concerns both the Serb shelling of peaceful areas, and NATO's cruel bomb and artillery strikes on Serb positions", Yeltsin's spokesman Sergey Medvedev told Itar-Tass.

Reiterates Call For Peace Conference

LD3008124395 Moscow ITAR-TASS in English 1222 GMT 30 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 30 (Itar-Tass) — President Boris Yeltsin has reiterated his proposal for calling a peace conference on the former Yugoslavia in October, press secretary Sergey Medvedev told Itar-Tass.

"The President has again drawn the attention of the world public to the proposal to convene a peace conference with the participation of the warring parties and mediators in order to make a final decision on the settlement of the crisis in the former Yugoslavia," Medvedev said.

"The President thinks that the forum must meet not later than in October in one of the European countries," the press-secretary said.

Yeltsin, Germany's Kohl Discuss Bosnia Situation

LD3108105295 Moscow ITAR-TASS in English 1032 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, August 31 (Itar-Tass) — Russian President Boris Yeltsin and German Chancellor Helmut Kohl on Wednesday discussed the prospects for the Bosnian settlement as well as the details of their meeting planned for September 2 and 3 in Moscow, Yeltsin's press secretary Sergey Medvedev told Itar-Tass.

Official Says NATO Air Strikes Not Unjustified

LD3108113695 Moscow INTERFAX in English 0958 GMT 31 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 31 (Interfax) — A senior member of Russia's Foreign Ministry does not view NATO's air strikes launched in answer to the shelling of Sarajevo, "which caused great casualties and tragic consequences," by the Bosnian Serbs as unjustified. He said so in a Wednesday interview with Interfax.

"There are certain limits beyond which actions by the parties involved in the conflict in Bosnia cannot be left without answer," the diplomat pointed out. "The Serbs overstepped those limits." In comments on the assertions of some news media to the effect that investigations into the incident in Sarajevo had been conducted negligently, and that it is not quite clear that the Bosnian Serbs and no one else were to blame, the high-ranking diplomat said he is worried by such "duping of public opinion in Russia."

"Black is called white here often enough, and the average TV viewer gets the false impression that the Moslems and Croats shelled their own people out of provocative considerations, and the Serbs are subjected to bombings for that."

"Such kinds of assertions place the leaders of our country in a difficult position before their own people and be-

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fore the international community," the source said. Having referred to the opinion of experts acquainted with the results of the investigations, Russian among them, he declared: "It is possible to state beyond doubt from where the missiles (Interfax note: launched on Sarajevo) were fired. The results of the investigations leave no doubt as to the Serb trace." As the high-ranking diplomat stressed, "the shelling of Sarajevo, which naturally entailed NATO's combat operations, was beneficial neither to Washington, Moscow or other Contact Group members, nor to the new Yugoslavia, Croatia, Bosnian Moslems or the Bosnian Serbs themselves." This material appears in more detail in today's edition of Interfax's Diplomatic Panorama.

Moscow Demands 'Immediate' End to NATO Operation

LD3108080895 Moscow ITAR-TASS in English 0750 GMT 31 Aug 95

[By Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS, August 31 (Itar-Tass) — Russia regards the joint operation of the NATO air force and the rapid reaction force against the Bosnian Serb military potential as an action beyond the framework of the mandate given those forces by the U.N. Security Council. It therefore demands an immediate termination of the military operation, Russian ambassador to the United Nations Sergey Lavrov told Itar-Tass upon consultations in the Security Council.

"The Russian delegation raised the question in the Security Council stressing the need of an immediate end to that military action. The attention of the members of the Security Council was drawn to Russian President Boris Yeltsin's statement (on Wednesday) confirming his initiative on the convocation of a peace conference with the participation of all conflicting parties in the former Yugoslavia and the mediating countries. The Russian President proposed holding such a conference somewhere in Europe not later than in October to allow time for the preparatory process," Lavrov said.

"In connection with the latest crisis in Bosnia, the present situation there was discussed in detail at Security Council meeting on Russia's initiative. According to information provided by U.N. secretariat, the NATO airforce and the land rapid reaction forces acted within the framework of the U.N. peace-keeping operation in carrying out airstrikes and artillery shelling against the Bosnian Serb military targets, including radar installations, command and checkpoints, ammunition depots and other military targets, including tanks and armoured vehicles in service with the Bosnian Serbs. The situation appears to be deeply worrisome to us."

"The action was undertaken in response to the mortar shelling of a market place in Sarajevo by Bosnian Serbs which killed tens of peaceful civilians and wounded many others. Russia, together with other members of the Security Council, condemned that barbarous action and demanded an investigation to confirm that the Bosnian Serbs were undoubtedly to blame for the outrage. Along with this, the response to that barbarous action cannot but evoke the deepest concern with the scale which we witnessed and the use of force, as well as on the strength of the extremely grave political consequences which it can have for the settlement process," the Russian diplomat said.

"First of all, we are alarmed by the fact that the action involved not only the NATO air force, as envisaged by the Security Council resolutions, but also by the rapid reaction forces that had been created within the U.N. forces and within the framework of their mandate. Those forces were established above all, for the protection of the U.N. peace-keepers and for implementing other provisions of their mandate. The UNPROFOR [UN Protection Force] mandate does not provide for the destruction of the military potential of one of the parties to the conflict.

"Secondly, that entire action, including NATO airstrikes, transcends in our view, the framework of the cases in which the Security Council allowed the use of force. Force was allowed to be used only when peaceful civilians, peace-keepers or humanitarian convoys were threatened. In this case, a threat to peaceful civilians was present, but the scale of response aimed at suppressing military installations and equipment of the Bosnian Serbs on a territory much wider than that of Sarajevo absolutely transcends, in our view, the framework set by the Security Council. We are worried by the fact that the bombing continues and that reports have appeared that the operation would continue for several days. This reinforces our considered opinion that the character of this military operation transcends the framework of the Security Council resolutions," Lavrov pointed out.

He said, "we do not yet have information about casualties and damage done, including to civilian targets and the population. We insist on the prompt provision of such information. We have raised an unequivocal question about ensuring the safety of the U.N. peace- keepers, above all, of the Russian battalion, because it is the only U.N. battalion located in the Serb-controlled part of Sarajevo."

"We would not like to see the situation evolve in a way which would make not only NATO but also the United Nations as the NATO customer in the

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former Yugoslavia appear as having taken the side of one of the conflicting parties. The United Nations is responsible for the termination of military activities to a no less considerable degree than NATO because the U.N. Secretary-General holds "the second key" to the beginning as well as to the end of the use of force. We believe that our arguments will produce their effect," the Russian ambassador to the United Nations said.

Ministry Denounces NATO 'Tit For Tat' Policy

LD3008134995 Moscow ITAR-TASS World Service in Russian 1324 GMT 30 Aug 95

[FBIS Translated Text] Moscow, 30 Aug (ITAR-TASS) — The Bosnian Serb leaders are entirely responsible for the shelling of Sarajevo's residential quarters on 28 August and for their refusal to accept the peace proposals which were supported by the world community, including Yugoslavia, according to a Russian Foreign Ministry statement issued here today (Wednesday 30 July).

Any use of force, the statement stresses, including the carrying out of bomb and artillery strikes by NATO countries, cannot lead to a resolution of the problem.

Reaction according to the "tit for tat" principle creates a vicious circle, the Russian Foreign Ministry believes. It is impermissible to allow the world community or individual countries to enter, in essence, into a war against one side, oblivious to the fact that all the participants in the conflict are responsible.

As a result, impediments to a political settlement and the threat to the UN peacekeepers are growing rather than diminishing.

The Russian Foreign Ministry statement points out that the main thing is to counteract the logic of war with a political process. Specific proposals on this are set out in a statement by the president of the Russian Federation. Diplomatic efforts by representatives of Russia, the European Union, the United States and the Nonaligned Movement confirm that these proposals are realistic.

Russia requires the UN Security Council to evaluate the situation without delay and to step up the political process as the sole means to halt the bloodshed and to achieve peace in the region.

Presidential Aide: NATO Raids 'Unnecessary'

LD3008142195 Belgrade TANJUG in English 1411 GMT 30 Aug 95

[FBIS Transcribed Text] Belgrade, Aug 30 (TANJUG) — Oleg Lobov, a close aide of Russian President Boris Yeltsin said Wednesday that Russia's position on former Yugoslavia had not changed and that Moscow saw no need for NATO air strikes against the Bosnian Serbs.

'Russia's position is that we consider, and will consider it unnecessary to carry out bombing,' Lobov, who is secretary of the Yeltsin's Security Council, Russia's most important political body, said.

Lobov told reporters in Moscow that today's NATO raid on Bosnian Serbs was not a settlement of the conflict and that Moscow favoured the settling of the conflict peacefully, REUTER said.

Karasin: 'Serious Concern' Over Bosnian Situation

LD3008191495 Moscow ITAR-TASS in English 1859 GMT 30 Aug 95

[By Dmitriy Gorokhov]

[FBIS Transcribed Text] MOSCOW, August 30 (Itar-Tass) — The situation after the Bosnian Serb shelling of Sarajevo earlier this week and today's NATO retaliation air strikes have caused serious concern in the Russian leadership.

The situation in Bosnia was the subject of vigorous discussions in the Foreign Ministry on Wednesday [30 August] which resulted in a special report for Russian President Boris Yeltsin and a statement, approved by the president, which stressed the need for a political process to oppose the logic of war.

Russian Foreign Ministry spokesman Grigoriy Karasin said the Russian permanent representative in the United Nations has been instructed to draw the attention of the Security Council members to the present situation in Bosnia.

Russia favours a political resolution of the conflict, he said, adding that specific proposals to this end were made by President Yeltsin after his meeting with Serbian President Slobodan Milosevic earlier this month.

Karasin stressed that political means have not been exhausted yet. He called for "concerted, parallel and coordinated efforts of the Contact Group and its members, including Russia, the United States and EU countries," to prod the parties to the conflict not into confrontation, but into negotiations.

Russian Foreign Minister Andrey Kozyrev is now "considering further active measures in connection with the situation in Yugoslavia," the spokesman said.

Moscow believes that the resolution of the conflict depends not so much on the international community, which may only facilitate it, as on the warring factions. "Ultimately, it is the warring parties who will have to make a settlement," Karasin said, adding that they

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will also "bear all responsibility for the final peace settlement."

In his view, one of the aspects of the present situation is that "although other parties to the conflict are often guilty for the aggravation (of the conflict) too, the presumption of 'equal responsibility' has been somehow forgotten."

"There is a tendency towards using force as a prophylactic measure against only one side," he added. Karasin warned of the danger of U.N. and NATO forces getting involved in the war against one of the parties to the conflict. "Unfortunately, we have to state that this time the air strikes were not agreed with us," he said.

Igor Shcherbak, deputy director of the Department of International Organisations of the Russian Foreign Ministry, said Russia had taken certain steps to work out a mechanism of consultations with its partners on the use of force. "Previously we had problems with the development of such a mechanism, but lately we have reversed this tendency," he said.

However, in this particular case, he noted, other factors interfered because the formal pretext, "in principle, fit in a broad interpretation of the terms of carrying out air strikes."

Shcherbak stressed that by giving its consent to the use of force by the international community in certain cases Russia "meant situations which provoke further aggravation of the conflict and delay a political settlement."

Speaking about the scale and adequateness of the use of force, Shcherbak pointed out that "we disagree (with a situation) where forcible actions deepen and expand without consultation with the Security Council and go beyond the prophylactic measures for such provocations."

Earlier today, the Foreign Ministry issued a statement saying that Bosnian Serb leaders are solely responsible for the August 28 shelling of residential quarters in Sarajevo and the refusal to accept the peace proposals supported by the international community, including Yugoslavia.

Any forcible actions, including bombardments and artillery shelling by NATO, will not resolve the problem, the statement said.

The "strike for a strike" tactics draws the international community into a vicious circle, the ministry said. It warned the world community and individual countries against getting involved in the war against one party to the conflict and forgetting that all sides should share the blame.

This will only create new obstacles to peace and further endanger U.N. peacekeeping forces, the statement said.

The ministry stressed the need to oppose the logic of war with a political process. Specific proposals to this end are laid out in Russian President Boris Yeltsin's statement. Their realistic character has been borne out by the diplomatic efforts of Russia, the European Union, the United States and the non-aligned movement, the ministry said.

Russia asks the U.N. Security Council to make an immediate assessment of the situation and invigorate the political process as the only means of stopping bloodshed and reaching peace in the region, the statement said.

On Monday, the ministry condemned the shelling as "yet another barbaric manifestation of the senselessness of the Yugoslav tragedy."

"We hope that an impartial investigation will name the authors of this provocation," ministry spokesman Mikhail Demurin told Itar-Tass.

He pointed out that the shelling aimed at complicating the already complex situation in which the search for a mutually acceptable basis for a negotiated settlement is being conducted.

Demurin stressed that the incident must not be allowed to be used as a pretext for whipping up tensions in the region.

"We consider this tragedy as yet another explicit signal that the Yugoslav crisis needs an immediate resolution and we will continue to work actively for this," he said.

"The search for a path to peace should actively engage the efforts of all parties, not only outside Yugoslavia, but primarily of the peoples of the region and their leaders," the spokesman said.

Says NATO 'Did Not Consult' Moscow

LD3008174195 Moscow INTERFAX in English 1609 GMT 30 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Excerpt] MOSCOW, Aug 30 (Interfax) — NATO did not consult Moscow on the issue of air strikes of Bosnian Serb positions, Russian Foreign Ministry Spokesman Grigoriy Karasin said at a press briefing in Moscow Wednesday.

He expressed the hope that "it will not be like that in the future."

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Karasin also said that the issue of using force against Bosnian Serbs was not "officially" discussed at the meeting of the Contact Group on Bosnia (Russia, U.S., Great Britain, France and Germany) at the level of heads of Foreign Ministries' political departments in Paris Tuesday [29 August].

The diplomat said that today's Russian Foreign Ministry statement condemning the use of NATO aviation in Bosnia "was in principle agreed upon with the Russian president" and fully reflects his point of view on the issue.

According to Karasin, Russian Foreign Minister Andrey Kozyrev is now planning active measures to tackle the deteriorating situation in the Balkans. suits the wide interpretation of conditions necessary to use force."

Envoy: NATO Strikes 'May Foil Peace Process'

LD3008141195 Moscow INTERFAX in English 1312 GMT 30 Aug 95

[FBIS Transcribed Text] BELGRADE, Aug 30 (Interfax) — NATO air strikes on the Bosnian Serbs' positions "may foil the peace process," Russia's ambassador to Yugoslavia Gennadiy Shikin told Interfax by telephone Wednesday. "This is the main danger," he said.

He also said that "under bombs and shells it's difficult to speak about any peace solutions."

"I'm absolutely convinced that the use of force gives the radical elements on all sides an additional pretext to continue the war," he said.

In his opinion, the U.N. experts "hastened to blame the Bosnian Serbs for what happened in Sarajevo."

On Monday, Sarajevo's market place was shelled, as a result of which 37 people were killed and 80 wounded. A commission of U.N. experts came to the conclusion Tuesday that Sarajevo had been shelled from the positions of the Bosnian Serbs who are blocking the Bosnian capital.

"There has been no investigation as such. The tragedy was investigated for just a few hours. Importantly, the conclusion about the Bosnian Serbs' responsibility was made shortly after Washington laid the blame for the tragedy on the Bosnian Serbs," said Shikin.

Hasty conclusions are unacceptable in such matters, he went on to say. A few hours is not enough to carry out such a complicated investigation, he continued. "One has to study all the circumstances, which was not done," he said. "After that, the decision was taken to bomb the Bosnian Serbs' positions," he added.

With reference to media reports, Shikin said that the "retribution action" involves 60 NATO aircraft and also rapid reaction forces which are bombing and shelling "the entire region" (controlled by the Bosnian Serbs — Interfax).

"It's hardly a retribution action. Even if the Bosnian Serbs are really guilty — although this must be proved by a neutral and unbiased commission — it's not an act of retribution, because the entire territory is being bombed," said Shikin.

He expressed confidence that despite the recent events, Belgrade will not lose control. "The Belgrade leaders are extremely reasonable. They look at the situation only from the point of view of peaceful settlement," said Shikin.

Please see the Interfax Diplomatic Panorama of August 30 for the complete interview.

Daily: Air Strikes To Prompt Serb Guerrilla Warfare

MK3108101495 Moscow KOMMERSANT-DAILY in Russian 31 Aug 95 p 4

[Report by Andrey Smirnov under the "Situation in Ex-Yugoslavia" rubric: "A New Strategy of Peacekeeping: War for the Sake of Peace"]

[FBIS Translated Excerpt] [passage omitted] Unlike on previous occasions, the decision to bomb Serb positions was made by French General Bertrand Jeanvier, commander of the UN forces; and U.S. Admiral Leighton Smith, commander of NATO forces in southern Europe, not by Yasushi Akashi, civilian representative of the United Nations general secretary, who, as a matter of fact, said that he opposed air strikes during his talks with Serbian President Slobodan Milosevic on Tuesday [29 August]. [passage omitted]

Yesterday's developments are bound to change the situation, there is no doubt about it. They are unlikely, however, to contribute to the establishment of an early peace, as the authors of the "retaliation action" expect. [passage omitted]

Selective strikes at isolated military targets are unlikely to force the Serb army to surrender. According to Andrey Demurenko, chief of staff of the "Sarajevo" sector of the UN troops, being unable to resist NATO aviation, Serb units will at the very first opportunity switch to guerrilla warfare. Yet more hostages will be taken, including from among Russian peacekeepers — the Serbs have already sealed off the Russian battalion's base in the Hrbavica district of Sarajevo. In the view of observers, the Russian contingent in Sarajevo is in a dangerous situation.

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Moscow Seen at Pains To Prevent Force Against Serbs

MK3008135595 Moscow KOMMERSANT-DAILY in Russian 30 Aug 95 p 4

[Report by Andrey Smirnov under the "Situation in Ex-Yugoslavia" rubric: "The Americans Cannot Do Anything Either"]

[FBIS Translated Excerpt] [passage omitted] The situation [regarding Sarajevo] has presented the world community with a painful choice. On the one hand, the UN and NATO cannot turn a blind eye to the tragedy that occurred Monday [28 August]. On the other, if the Bosnian Serbs are punished for the deaths of innocent civilians in Sarajevo, this would inevitably mean that the U.S. settlement plan would not be accepted. Russian diplomats attending the meeting of the Contact Group that opened in Paris yesterday express varying opinions with regard to the further development of events. One of them suggested in an interview for INTERFAX that the tragedy in Sarajevo will be followed by air strikes on the positions of the Bosnian Serbs. Meanwhile, according to another representative of the Russian Foreign Ministry, there will be no air strikes this time around, because the use of force would thwart U.S. peace initiatives, something that Washington would try to avoid. [passage omitted]

This scenario, of course, cannot suit Moscow. Russian diplomats have been repeating with increasing frequency that the use of force is inadvisable, because this would dash the already fragile hopes for a peaceful settlement of the crisis. Russia is calling on its Western partners to pay attention to the fact that the Bosnian Serbs, unlike the Muslims, backed the U.S.-proposed peace plan. Yesterday's decision of the Serbian Republic's parliament mapping out specific parameters of the future negotiating process is yet another argument in a dispute that is bound to emerge at the Contact Group's meeting over what should be the international community's further steps in Bosnia. It will not be easy for Moscow to gain the upper hand in the dispute, however. The main reason for that is the intransigent stance of Alia Izetbegovic, leader of the Bosnian Muslims, who is currently in Paris on an official visit. Judging by his statements, Sarajevo does not want to seek a compromise and will continue to demand punishment for those guilty of the tragedy regardless of the consequences.

Peacekeepers Said Abandoning Neutrality in FRY

MM3108101395 Moscow KRASNAYA ZVEZDA in Russian 31 Aug 95 p 3

[Report by Mikhail Pogorelyy: "Strike After Strike...."]

[FBIS Translated Text] On Tuesday night [29 August] a mighty NATO aviation grouping of up to 60 aircraft carried out bomb and missile strikes against Bosnian Serb positions in the Sarajevo area. According to ITAR-TASS and Western news agencies, several of General Mladic's command posts, communications centers, and Air Defense troop positions sustained serious damage. At the same time the Bosnian Serbs came under artillery attack from the British, French, and Dutch rapid-reaction forces' heavy artillery.

Monday's mortar bombardment of Sarajevo market was the reason for the deterrence operation (minus quotemarks since that was what senior officials from the United Nations, NATO, the United States, and other states officially called it). Then 37 people died and around 100 were injured. The UN leadership gave orders for a careful investigation; it is being conducted in lightning fashion and sentence passed equally rapidly and then being immediately being put into effect....

The speed of the international peacekeeping forces' reaction would be laudable had New York, Brussels, and Washington been so zealous and keen in protecting the rights and lives of all inhabitants of former Yugoslavia without exception. Including, needless to say, the Serbs. Their tragedy early in the month in Croatia left world politicians indifferent — at best — and gave certain people reason to rub their hands in glee in anticipation of the imminent end to the war in the Balkans. However, the end is still not in sight in the foreseeable future.

The peacekeepers' renunciation of their role as fairly neutral intermediaries in the conflict between the peoples of former Yugoslavia and their increasingly blatant support — not only political but also military — for the Muslim side is giving the latter not entirely realistic ideas as to the possibility of their securing their own objectives in this war. As a result Bosnia- Herzegovina's Muslim government is refusing to consider the Contact Group plan with the adjustments that the Serbs have agreed to accept. In human terms you can understand Izetbegovic and the other Sarajevo leaders — after all, they are now conscious of the strike power of NATO aviation and ground formations at their back. And if things go on like that, modern weapons may soon start arriving from both West and East....

However, recent experience shows that the Sarajevo leadership should not sacrifice the lives of hundreds of its fellow citizens for this illusory objective. After all,

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there have already been explosions in this unfortunate city's markets. According to experts, they were not arranged by the Serbs, but by Muslim fanatics — precisely with the aim of mobilizing both the local population and the world community to combat the Serbs. As we can see, such provocations and the pathological reaction to them from European and transatlantic capitals has not brought the settlement of the Balkan bloodbath a day closer.

But it is quite feasible to secure this highly important objective in present-day international politics. To this end it will be necessary to use the great powers' arguments (political, military, and economic) to insistently invite Alija Izetbegovic and Bosnia's Muslim leaders as a whole to take part in dialogue. The Serbs have already agreed to do so.

Daily Assesses Moscow Stance on NATO Air Strikes

MM3008143695 Moscow IZVESTIYA in Russian 31 Aug 95 pp 1, 3

[Report by Maksim Yusin: "NATO Begins Large-Scale War Against Bosnian Serbs"]

[FBIS Translated Text] Early on the morning of 30 August 60 NATO aircraft carried out massive strikes against Bosnian Serb positions around Sarajevo. This was the first time since the start of the Balkan conflict that the Western allies had taken such serious action. Hitherto they had restricted themselves merely to shelling individual Serb tanks, dumps, and radar installations. This time we are undoubtedly talking about NATO's biggest military operation since it was set up in 1949.

Once again, as was the case during previous NATO action in Bosnia, Moscow was not consulted. Although, a highly placed Russian diplomat admitted, the air strikes came as no surprise to the Foreign Ministry: "The NATO Command officially announced that as soon as the United Nations established that the Serbs were to blame for the recent shelling of Sarajevo and the deaths of civilians, an act of revenge would be launched. In this sense the news of the bombing came as no surprise to us. The question is how justified these actions are and what their consequences will be."

In private conversations diplomats are making no secret of their annoyance that the West increasingly prefers strong-arm arguments. Moscow is worried that NATO's involvement in a military confrontation with the Serbs will finally bury all hope of a peaceful settlement in Bosnia. At the same time, Smolensk Square recognizes that from the legal standpoint it is hard to complain about the Americans and their allies. The decision to carry out the bombing was made at the request of the UN secretary general, who is convinced that the shelling of the market in Sarajevo that killed 37 people Monday was the Serbs' doing.

The Russian foreign policy department probably now bitterly regrets the fact that Moscow did not block UN Security Council Resolution 836, which gives NATO a "green light" to take military action if so requested by UN representatives in Bosnia. In the prevailing situation Moscow is unable to influence the course of events. All the decisions are being made at NATO Headquarters.

The first reports from Sarajevo allow us to judge not so much the effectiveness of the air strikes, as their power. The heights on which Bosnian Serb positions besieging the capital are located are wreathed in thick clouds of smoke. Deafening explosions have been rattling the windows in Sarajevans' homes, which are just a few kilometers from the front line. From time to time the sky is lit up with bright flashes. In addition to air strikes, the Serbs have been shelled from Mount Igman by the artillery of the Franco-British rapid reaction force, which has fired more than 600 shells. According to unconfirmed reports, Serb radar installations in the Tuzla, Mostar, and Gorazde areas have also been shelled.

The NATO Command is stating that its mission was to destroy the Serb military infrastructure around Sarajevo, and that most of the targets selected for the attack have been put out of action. According to Lieutenant Colonel Pierre Briere, an official spokesmen for the UN forces, the air strike destroyed a "very important" ammunition dump to the southwest of the Bosnian capital. The Serbs are remaining silent for the time being, neither confirming nor denying their opponents' claims. Their only response was renewed shelling of residential areas in the city. Radovan Karadzic's soldiers are refraining from shelling the Franco-British corps' positions for the time being.

As for the UN forces, they had been withdrawn from Serb-controlled areas in advance. The command of the "Blue Helmets" is worried that new attempts might be made to use the peacemakers as "living shields." There are only 400 servicemen from the Russian battalion still in the "Serb zone" around Sarajevo. Judging by everything, the United Nations is not worried about their fate, believing that the Serbs will not take their "Orthodox brethren" hostage. The Foreign Ministry refused to comment on the situation regarding the Russian battalion, citing the need for additional information.

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Diplomat: NATO Has No Separate Stategy for Bosnia

LD3008173695 Moscow INTERFAX in English 1609 GMT 30 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] BRUSSELS, Aug 30 (Interfax) - NATO is playing "a limited role" in the former Yugoslavia and does not have its own position on the events in the Balkans, a high-ranking diplomat from the Russian Embassy to Belgium told Interfax on the phone today.

The Russian Embassy to Belgium represents Moscow's interests in the NATO headquarters.

The diplomat said NATO stated that in the Balkans it was acting under the U.N. resolutions.

"In fact, NATO does not have a strategy for resolving the Yugoslav crisis and the alliance seems to have no desire to draw it up. Otherwise, NATO would long ago have held a special meeting of its council for adopting some documents, as for example the European Union did," the diplomat said.

The diplomat declined to comment on the use of the NATO air power for bombarding the Bosnian Serb positions after the attack on a market area in Sarajevo.

"In this case NATO just performs the U.N.'s will," the diplomat said.

Moscow's Balkan Policy Reveals 'Utter Impotence'

MK3108100095 Moscow SEGODNYA in Russian 31 Aug 95 p 1

[Report by Pavel Felgengauer: "NATO Has Crossed the Rubicon"]

[FBIS Translated Excerpt] So, the sluggish positional civil war in rump Yugoslavia has ended. Quite a different war has begun in the Balkans — high-maneuvering and intensive, and the low-mobility Serb detachments, having no air cover, proved not ready for it. The time when a couple of obsolete tanks constituted a powerful armored strike group and a half-hour fire attack with several artillery pieces hit the front pages of the world press is now history. After many months of talks and coordination efforts, NATO aviation has in the end begun an air attack in Bosnia, and the situation will never be the same. This summer, when the Serbs achieved maximum success, capturing the Muslim enclaves of Zepa and Srebrenica, a break occurred in the balance of forces on the battlefield in ex-Yugoslavia.

Now it is no longer so important who actually fired a shell at Sarajevo on Monday: a drunk Serbian field commander or a Muslim commando. Just like 81 years ago, in the summer 1914, this shot in Sarajevo has only triggered an avalanche of bloody events that would have happened anyway — only a little later. After the rout in Krajina, the West was no longer afraid of the Serbs. Plans for an offensive were already drawn up, the aims of the strikes defined, and the last British peacekeepers pulled out of Goradze, where the Serbs could have taken them hostage. [passage omitted]

Today Western leaders say that these raids will accelerate the peace process. But the Bosnian Muslims, who are now celebrating the beginning of the NATO attack in the streets of Sarajevo, will hardly miss a chance to settle scores with their enemies. The Muslims [Boshnyaki] will wait until the Serbs weaken and then will begin to recapture the towns and villages lost earlier.

The Serbs will rush to Russia for help, but they will be in for disappointment. As soon as Yeltsin even hinted that Russia might unilaterally abandon the sanctions, Hungary and Romania stated that they would not let Russian contraband pass. The aggravation of the situation in rump Yugoslavia this summer has shown the utter impotence of Russia's policy. President Yeltsin calls a summit, but nobody comes except Milosevic. Moscow condemns air strikes, but nobody listens to it. Our peacekeepers are on Serb territory; they are threatened by NATO aircraft and by angry Serbs, but they are in no position to change anything. Moscow has no effective levers to influence the situation in ex-Yugoslavia. Russia may be a great power, but not in this region and certainly not in 1995.

Daily Says Continued Neutrality on Bosnia 'Difficult'

MM3008132495 Moscow ROSSIYSKAYA GAZETA in Russian 30 Aug 95 p 7

[Commentary by Vladimir Kuznechevskiy under the "Yugoslav Crisis" rubric: "American Ultimatum. What Will Be Russia's Response?"]

[FBIS Translated Text] The United States has stated its readiness to launch massive air strikes against the Serbs if they refuse to accept the American "peace" plan. U.S. Assistant Secretary of State Richard Holbrooke, who is now in former Yugoslavia on the instructions of President Bill Clinton, has issued a statement which is more like an ultimatum: If the Bosnian Serbs do not agree to the American plan for a peaceful settlement in Bosnia within fourteen days, the international community will withdraw its peacekeeping forces from the

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security zones and launch powerful and intensive bombing strikes against Bosnian Serb military and civilian installations.

The current situation in Bosnia is such that Holbrooke's statement does seem to reflect the Americans' real intentions.

In actual fact what has happened is that, in response to the crushing of the Krajina Serbs by the Croats, the Bosnian Serbs have seized the UN security zones in Srebrenica and Zepa, where the bulk of the population is Muslim and Croat. A similar zone in Gorazde is also under threat.

What does the plan consist of? It has not been officially made public, but its contents are well known: to give Gorazde to the Bosnian Serbs in exchange for the southern part of the city of Sarajevo; to give the Serbs 49 percent of the territory of Bosnia and Herzegovina and allow them to integrate with Serbia; to give 51 percent of the territory of Bosnia and Herzegovina to a Muslim-Croatian federation and integrate it with Croatia.

Belgrade and Zagreb have already expressed their agreement with this plan. Moscow too, it seems, although there have been no official Foreign Ministry statements on this score to date. The plan has been opposed to date only by the two sides which this plan actually separates — the Bosnian Muslims and Serbs.

Judging by all the past situations of this kind, it can be predicted that Karadzic will drag out the peace negotiations as long as possible, haggling over the share of the divided territory. But the Muslims are equally bent on thwarting the American plan.

The reaction of the Muslim leadership to the atrocity perpetrated in Sarajevo's Merkala market on Monday 28 August, when 35 Muslim civilians died as a result of a mortar shell exploding, is typical in this regard.

Not all the major international news agencies had had time to report this crime, and the UN monitoring agencies were stating that it was very difficult to determine from whose positions the shell had been fired — Serb or Muslim — yet President Haris Silajdzic of Bosnia and Herzegovina was issuing a statement that it was carried out by the Serbs.

The situation is highly reminiscent of 1992, when a shell exploded in that same market in Sarajevo killing 68 people. The Serbs were also blamed for that act and had international sanctions imposed on them, only for it later to become clear that the market had been shelled from Muslim positions. And just the other day a French antisniper squad belonging to the UN forces in Sarajevo caught red-handed, as it were, Muslim marksmen who were coolly firing on their Muslim brothers in the Bosnian capital, counting on their action being attributed to the Serbs. The four-year-long practice of combat operations in former Yugoslavia has revealed a general pattern: As soon as a chance to break the deadlock in the peace negotiations in Bosnia and Herzegovina arises, bloody provocations are immediately carried out by anti-Serb forces and a wave of indignation at Serb actions is inspired.

At any rate, Mr Holbrooke has set a clear deadline for the American ultimatum — 10 to 14 days at most. After which the United States will launch massive air strikes on Serbian military and civilian installations. This decision by Washington puts Moscow in a pretty tricky situation. It will be very difficult for the Russian leadership to support the Americans, as it always has with regard to former Yugoslavia. It will even be difficult to maintain neutrality in this situation.

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Political Issues

Yeltsin To Support Banks' Commercial Initiatives

LD3108111495 Moscow ITAR-TASS in English 1031 GMT 31 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — "If a bank wants to act as the government's agent in financing a programme, it must assume the obligation to participate in the funding with its own resources," Russian President Boris Yeltsin told the leaders of a number of commercial banks during a meeting in the Kremlin today.

Speaking about interaction between the government and commercial banks, Boris Yeltsin said "the forming of large-scale alliance of banks-agents of the government, separate government agencies and bodies of state authority" was one of the most important forms of such interaction.

According to the President, the situation in this field is not properly regulated and the government has not yet worked out a single approach to forming agency relations.

President Yeltsin spoke in favour of proclaiming null and void "the outdated restrictions on the participation of banks in financial-industrial groups."

"We will support your initiatives for the creation of financial-industrial groups and the use of new methods to resolve the non-payment crises," the President said. He said he had in mind the institution of clearing and other centres capable of expediting the settlements in all banks.

Taking part in the meeting with President of the Russian Federation Boris Yeltsin were Most-Bank President Vladimir Gusinskiy, Avtobank governor Natalya Rayevskaya, Menatep Bank Board Chairman Mikhail Khodorkovskiy, Bank Imperial President Sergey Rodionov, Promstroybank board Chairman Yakov Dubenetskiy, Tokobank President Vyacheslav Khokhlov, President of the Association of Russian Banks Sergey Yegorov, and a number of other major bankers.

Yeltsin Meets With PRES Leader Shakhray

LD3008163195 Moscow INTERFAX in English 1538 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — Russian President Boris Yeltsin met in the Kremlin Wednesday [30 August] with Sergey Shakhray, the leader of the Party of Russian Unity and Concord, or PRES. The two men discussed the upcoming parliamentary elections. Shakhray told Yeltsin about his party's election campaign, Yeltsin's press service reports.

Zotov Blames External Forces for Sarajevo Attack

MM3008162295 Moscow ROSSIYSKAYA GAZETA in Russian 30 Aug 95 p 7

[Report by Vitaliy Dymarskiy: "Extremists Do Not Want Peace"]

[FBIS Translated Text] Paris — External forces who want to disrupt the peace process in Bosnia were behind the mortar attack on the Sarajevo market, Aleksandr Zotov, the Russian Federation president's special representative believes.

Someone wants not so much to settle the problem by political means as to take advantage of the opportunity to use force, as was evident in the Serbian Krajina, Aleksandr Zotov, the Russian Federation president's special representative for a settlement in former Yugoslavia, said in an exclusive interview. He was participating in a session of the international contact group in Paris on Tuesday.

Aleksandr Zotov noted that the contact group had paid a very great deal of attention to ideas emanating from the Russian leadership and President Yeltsin. There is also discussion of U.S. initiatives, which essentially do not represent a new plan, but are based on work already done by the contact group. According to the Russian diplomat, in Paris, where the group held an enlarged session (permanent members Britain, German, Russia, the United States, and France were joined by Spain, Italy, and Canada), there was opposition to the hard and oversimplified line dictated by U.S. realities: either movement toward peace or a switch to the military option. Nonetheless, Aleksandr Zotov believes, the idea that it is in their common interests to escape from the grip of this bloody crisis is making headway, although its contours are as yet rather hazy.

Concerning the shelling of Sarajevo, which resulted in numerous casualties, the Russian diplomat noted that "there are extremists on both sides," and "people interested in wrecking the peace process" are behind this action.

"It is very difficult to isolate Russia from Balkan affairs and we do not intend to allow ourselves to become isolated from what is happening in the Balkans," Aleksandr Zotov said in conclusion. The fact that the degree and depth of collaboration with partners are variable, although often "we work pretty effectively together," is another matter, he said. Russia "would like to see peaceful Balkans, we do not want to have enemies there, we do not want to be with someone

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against someone, since we are talking about the south Slav peoples, whom we would like to see re-create an infrastructure and begin the recovery process," the president's special representative stressed.

Aleksandr Zotov did not agree that Russia has lately been out of the mainstream of the settlement of the crisis in Bosnia. "We have the opportunity to do a great deal confidentially, without making a big thing of it and without trying to make domestic political capital out of these efforts," the Russian diplomat said. So, Aleksandr Zotov said in conclusion, "it is practically impossible to consign us to the sidelines and no one underestimates Russia's role in the Balkans."

Chernomyrdin Arrives in St. Petersburg

LD3108070995 Moscow ITAR-TASS World Service in Russian 0625 GMT 31 Aug 95

[FBIS Translated Text] St. Petersburg, 31 Aug (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin arrived in St. Petersburg today.

He left the airport along with head of administration of Leningrad Region Aleksandr Belyakov and Mayor of St. Petersburg Anatoliy Sobchak, heading for Vasilyevskiy Island Harbor where the "Russian Farmer" World Agro-industrial Fair is being held.

Judging by appearances, the Russian head of government's visit is not linked to the election campaign since a scheduled meeting with the political council of the Russia Is Our Home movement has been cancelled. He will meet the governments of the city and Leningrad Region and visit the Hermitage and the Russian Museum. Viktor Chernomyrdin will return to Moscow in the afternoon.

Discusses Land Ownership

LD3108092695 Moscow ITAR-TASS World Service in Russian 0854 GMT 31 Aug 95

[FBIS Translated Text] St. Petersburg, 31 Aug (ITAR-TASS)— "Land must be in private ownership, and if the question of land in Russia is not solved by the government and the State Duma in the immediate future, it will be put to a nationwide referendum."

This statement Viktor Chernomyrdin, head of the Russian government, made here at a meeting with members of the Association of Peasants and Private Farmers of Russia held within the framework of the "Russian Farmer" exhibition.

"Without solving the question of land, economic reform in the country will not advance," Chernomyrdin stressed. He arrived in St. Petersburg for a day.

Further on Land Ownership

LD3108122295 Moscow INTERFAX in English 0958 GMT 31 Aug 95

[FBIS Transcribed Text] ST. PETERSBURG, Aug 31 (INTERFAX) — Russia's Prime Minister Viktor Chernomyrdin has voiced readiness to decide on land privatization through a national referendum in Russia. Addressing representatives of the Association of Russian Farms at the Fourth International Exhibition Russia's Farmer in St. Petersburg Thursday, Chernomyrdin warned that if the issue were not settled soon, the cabinet would be prepared to have a national referendum to decide it. Without a solution to this cardinal question, Russian reforms will be just talk, Chernomyrdin remarked, noting that the problem must be solved if more foreign investment is to be attracted into the national economy. "Who will pay for a plant, if the land it stands on is not his property," Chernomyrdin noted. He admitted that some farm managers were stiffly opposed to the privatization of land, although many of them "became Muscovites a long time ago and have lost contact with the farmers," Chernomyrdin said. According to him, farms account for about 40% of the food in Russia. And for their "proper development in the future" they need to be property funded, Chernomyrdin said, accepting as fair the complaints of some farmers that credits set aside for them do not always reach them. For this reason, Chernomyrdin pledged to make funds for farms a separate budget clause. He also promised to instruct the Finance Ministry to assign a group of experts to see to it that credits reach farmers. The Premier also announced that the leader of the Association of Russian Farms Vladimir Bashmachnikov would be included in the federal electoral list of the Russia Is Our Home to be endorsed at the second congress of that movement in Moscow on September 2.

Amendment to Decree on Project Funding Center

MM3108121395 Moscow ROSSIYSKAYA GAZETA in Russian 30 Aug 95 p 6

[Russian Federation Government Decree "On the Partial Amendment of the 2 June Russian Federation Government Decree No. 545 'On the Federal Center for Project Funding,'" signed by Russian Federation Government Chairman Chernomyrdin in Moscow on 11 August]

[FBIS Translated Text] The Russian Federation government decrees:

1. That Point 3 of the 2 June 1995 Russian Federation Government decree No. 545 "On the Federal Center for Project Funding" be set out in the following wording:

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"3. To deem invalid Points 1,3,4, and 5 of the 4 April 1994 Russian Federation Government Decree No. 227 'On the Organization of Work With Foreign Investments and Technical Consultative Assistance' (Collected Acts of the Russian Federation President and Government, 1994, No. 15, page 1182). The Russian Federation Ministry of Economics is to resolve problems connected with the abolition of the Russian Federal Center for Project Funding and Technical Consultative Assistance under the Russian Federation Ministry of Economics."

2. That the Russian Federation State Committee for the Management of State Property is to assign to the Russian Federation Ministry of Economics State Registration Chamber and the Bureau for the Utilization of European Union Technical Consultative Assistance the premises occupied by them in the building at No. 3/5 Smolensk Boulevard in Moscow city.

[Signed] Russian Federation Government Chairman V. Chernomyrdin

[Dated] Moscow, 11 August 1995
No. 806

Luzhkov Views Moscow Economic Affairs, Plans

MM3008144495 Moscow ROSSIYSKAYA GAZETA in Russian 29 Aug 95 pp 1-2

[Interview with Moscow Mayor Yuriy Luzhkov at ROSSIYSKAYA GAZETA offices by unidentified members of the journalists' collective, under the "The Governor's Hour" rubric; "the stenographic record of the two-hour conversation with Yuriy Luzhkov was prepared for the press by Viktor Vodolazhskiy;" date not given: "Yuriy Luzhkov: I Don't Intend To Run for President, Or for Premier. But I Want To Stay On as Mayor" — first paragraph is ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] Dynamic, impulsive, taking a deep personal interest in all the problems of a vast city; with no inhibitions about arguing (provided he is sure he is right) with the highest state officials — that is the kind of man we know the capital's mayor, Yuriy Luzhkov, to be. Nor did he let himself down, in this sense, at a recent meeting at the editorial office with the ROSSIYSKAYA GAZETA journalists' collective. He said what he thought....

The Effort Matches the Aims

[ROSSIYSKAYA GAZETA] You have said more than once that in spite of all the difficulties of our life, be it public, political...the Moscow authorities strive to work on a depoliticized basis and support centrist and constructive forces. Whom do you personally rely on for support in your exacting and arduous job...?

[Luzhkov] All the work now is concentrated in the government, which is based on a kind of (excuse the unavoidable officialese) linear-divisional principle. The five most important autonomous complexes are identified: long-term city planning, economic reforms, municipal services, social protection, and social and territorial links. All these are headed by first deputy premiers, and the sectors within them (transport and communications, utilities, finances, etc.) by deputy premiers or ministers. This "linear principle" is supplemented by the "divisional principle": The city is divided into 10 prefectorates, and the prefects form part of the government. So all government decisions are their decisions too.

[ROSSIYSKAYA GAZETA] "Tasks," "objectives," "system" — one gets the feeling that for you these are not just words....

[Luzhkov] You really can't live without a system of objectives — in big things or small. We in Moscow formulate our objectives and discuss them first in the city government, then we submit them to the [city] Duma for examination. As a rule, we are thinking a year ahead.

[ROSSIYSKAYA GAZETA] ...For instance?

[Luzhkov] Well, we have decided we must bring the beltway up to standard: put in lighting for the full 109 km, install a median barrier, repair the roadbed.... Build 3.1 million square meters of housing. And so forth.

I foresee the question: Why set precise quantitative targets? It's quite simple: When we make a specific decision at a government session, then the government members have to answer for its fulfillment in specific terms. This makes it difficult to explain that you failed to get something done to the extent stipulated — after all, you yourself voted for the specific figures, and the targets that you fulfill will be fulfilled by others. And vice versa. It is all links in a single chain. Any link that drops out makes the chain nonviable.

But that's not all. When we announce that we will provide so many square meters of housing, it means we are not just inviting but obliging all the services to work to that end.

A Gloomy Soul Doesn't Work Well

[ROSSIYSKAYA GAZETA] Many Muscovites know that one-third of the city's budget is spent on the social sphere. Very many people receive assistance.

[Luzhkov] We regard this as the number one problem. Because it is hardly possible to speak of any construc-

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tive processes if society is uneasy, in a despondent mood, dissatisfied with life. Nowadays there are plenty of reasons for dissatisfaction without that.

Some 3.5 million Muscovites receive assistance from the city in one way or another. This includes free meals for schoolchildren, free travel for pensioners, various concessions, travel passes, and pension supplements to bring the pension up to 175,000 rubles. There is not a single pensioner in Moscow receiving less than that, irrespective of what his state pension is.

[ROSSIYSKAYA GAZETA] Everyone perceives Moscow in different ways. It causes heartburn, envy, jealousy, all kinds of things. Mostly, of course, it arouses good feelings.

[Luzhkov] Of course; after all, Moscow also works hard. The city today contributes one in every five rubles to the income side of the Russian Federation budget. This is difficult, and nonetheless it arouses a sense of pride and offers certain opportunities, because a certain proportion of the budget stays in the city.

We Are Centrists!

[ROSSIYSKAYA GAZETA] You are talking more and more about the economy, economic affairs.... Do you mean to say that you are the leader of Moscow, the capital of a vast state seething amid transformations, and you are, so to speak, outside politics?

[Luzhkov] It's true I try not to get involved in politics. It's not my field, it doesn't suit me.

Of course, to say that we are pure economic managers would be incorrect, indeed absurd. We are not indifferent to what happens in the political sphere. Everything is interconnected. The point is that if destructive forces take the upper hand in the state, there can be no constructive work on the scale of a single city (even Moscow). Naturally the capital's leadership fully supports market transformations and the principles of democratization of life. Hence our preference for those political forces and structures that declare their goals to be the center and constructive work.

In concrete terms, I am sympathetic toward "Russia Is Our Home." I make no secret of that. It's a centrist organization. They are working — whether well or badly, successfully or unsuccessfully — in a constructive way. With the exception (and here I can't help mounting my hobbyhorse) of Chubays-style privatization. That is a destroyer of society, a destroyer of what need not have been destroyed, but, on the contrary, strengthened.

[ROSSIYSKAYA GAZETA] It's certainly your old argument....

[Luzhkov] What's to argue? Let me give you an example. We in our city privatized the construction complex in our own way. Today it operates entirely on the basis of independent "navigation." It is "tied" to the Moscow Government only by two factors: the placing of orders, and a voluntary agreement that the government premier and his first deputy exercise firm oversight of the course of work to fulfill the promises that the government made to Muscovites as regards the construction of facilities in the social sphere, housing, etc. There you have privatization carried out on the basis of an entirely different principle.

[ROSSIYSKAYA GAZETA] All the same, some people accuse the Moscow authorities of selling off "skyscrapers" on the cheap. They probably have in mind a certain building on Novyy Arbat.

[Luzhkov] But the bank that bought that building (which needed $45 million spent on it in repairs alone) laid out $145 million, and, as owner, is going to put it in order. The government did not just eat up that $145 million, it put it into the construction of new social facilities, housing, theaters, etc.

I have taken and will continue to take the view that privatization is a good thing provided I, on parting with my property (if we are talking about the state), sell it for the money it is worth, but also sell it to an owner who will make better use of it than the state.

Why Is the Mayor Uncomfortable?

[ROSSIYSKAYA GAZETA] Politics, the economy, immediate and distant goals — how comfortable, if the word is applicable here, do you feel amid this maelstrom?

[Luzhkov] Rather uncomfortable. Because we in our city are pursuing by and large our own policy which is independent and distinct from those principles that are either realized, or proclaimed, or intended to be realized by the government of Russia. But we try to operate in normal contact with them. In the main, this works.

"Sparks fly" only when it comes to such matters as the principles of privatization, and that is the basis of the economic transformations. Or else the spiraling (how can they permit it!) of customs duties on food ostensibly to help the peasants to get out of the trouble they have gotten into. And incidentally, they got themselves into trouble. Nobody pushed them into it.

Increased duties, if you can collect them, are money. Much depends on how we use that money.

In my view, the increase in dues can only be understood in one sense, namely as a way of extracting more money

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from the population. Which is in fact what Mr. Chubays had in mind in introducing these "innovations" along with Zaveryukha.

[ROSSIYSKAYA GAZETA] How do you think it will end?

[Luzhkov] In a very marked increase in prices and a reduction in the volume of food sales to the population. I don't know whether it's right to do that before the elections. It's simply dangerous. Senseless. Especially for those who want to get good results at the elections. I told Viktor Stepanovich Chernomyrdin that.

Or take construction, for instance. Last year in Russia the volume of housing construction went up by approximately 14-15 percent. Excellent. It's...music to the ears. When growth is taking place all over Russia, even on a small scale. So support this process. Boost it. The "unleashing" of the process itself is something constructive, it marks the start of other productive processes in the state.

So what do we do? In May, like a bolt from the blue, value-added tax [VAT] was imposed on construction. Formerly, there was VAT on the production of materials. We survived. The price per square meter rose. We survived. Now there is VAT on construction. Why? On municipal housing, on multistory blocks? Why impose VAT? What are we doing, trying to make our Russian home, our "Russia [Is] Our Home," into a communal apartment block?

This VAT is the kind of money that it is hard even for the strong regions to assimilate. Nobody can say where it is supposed to come from. Or else you reduce by 25 percent the commissioning of free municipal housing for people on the waiting line. But why do that? If you want to impose VAT, then bring in market principles and impose 100 percent VAT on cottages — after all, they're someone's second home.

Today you could get as much money from these cottages as you are trying to get from municipal housing. Who's going to object? The rich people who are building on Rublevka? They're not going to object. I was told that in one place there was an apartment block with official accommodations. A firm took a liking to the site. They bought apartments in Moscow for everyone who lived in the official building. They dismantled the apartment block and they're building a nice big cottage, a multistory one.

Certain firms and commercial organizations are also putting up buildings, I've nothing against it, but they're rich. Banks. All the country's stock of money, its financial capital, is concentrated in the banks today.

[ROSSIYSKAYA GAZETA] Their problem is where to invest.

[Luzhkov] Yes. And we should tell them: We'll help you to decide the question of where to put your money.

But you can't go on the way we are, simplistically, primitively, without study or analysis — this indicates a low level of qualifications on the part of those who submit and implement such proposals.

We Make Strict Demands on the Police

[ROSSIYSKAYA GAZETA] Yuriy Mikhaylovich, now a question from a different play, as the saying goes. Last year the Moscow police was criticized harshly. The Internal Affairs Main Administration chief and the city prosecutor resigned.... What is the crime situation in the capital now?

[Luzhkov] It is not changing for the better. I can't say it is snowballing, but....

At a recent session of the Internal Affairs Main Administration I told the leaders of various Moscow police subunits: You complained that you lacked technical equipment. We did everything to bring it up to European standards — we allocated big sums for buying equipment. You claimed that the police didn't have the premises to work properly and conveniently. We got the premises. You lamented that the situation as regards social problems was bad. Last year the city assigned one in every five apartments to the police.

But alas, there have been no positive developments in law enforcement work. So you and I have a duty to assess the police's own quality of work — initiative, decency, the existence of internal corruption and other infringements.

[ROSSIYSKAYA GAZETA] Yuriy Mikhaylovich, it is well known that it is not very easy (even if you have money) to become a permanent resident of a democratic city like New York. You have to overcome a great many legislative hurdles. Yet we cannot help noticing the rapid "qualitative" renewal of Moscow's population in terms of citizens from the near abroad, and these people are by no means always law-abiding.

[Luzhkov] Today, all the laws that have been adopted recently require us to ensure that people have complete freedom to choose where they are going to live. Once you have acquired the housing, then, as they say, you have all the rights of those who lived there before.

We have not gone all the way down this path. We have kept the residence permit. That is a very important hurdle (which we don't intend to remove), helping us to

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regulate the influx of "newcomers" who want to settle in the capital.

In principle the residence permit is no obstacle to a person's or a family's living in the city. But it involves three major restrictions. The first is that without a residence permit you can only get treatment in paying hospitals. Second — your children can only go to private schools. Third and last — you have to vote in the elections wherever you are registered. Not in Moscow.

[ROSSIYSKAYA GAZETA] There are so many of the top bosses in Moscow — the president, the premier.... Tell me, does this make work more difficult for you and the city government, or less so?

[Luzhkov] The Russian Government does not hinder us in doing our job.

But the president operates in Moscow. I consider it my moral duty, for instance, on all decisions relating to the implementation of major projects in the capital (also bearing in mind the fact that Boris Nikolayevich knows our city very well and used to be its leader at one time) to coordinate without fail, show him the projects, and seek his approval and support.

For instance, before we started work on Manege Square, the president studied the project and the proposals in detail.

An Open Secret

[ROSSIYSKAYA GAZETA] Your remarks on protecting the interests of the Russian-speaking population in the Baltic states and your position on Sevastopol and the Black Sea Fleet are well known. People know about the patronage assistance which Moscow provides there with housing construction. At the same time, we keep hearing people say that Luzhkov is scoring political points.

[Luzhkov] I visit the near abroad quite often. And I have a good sense and understanding of the position of our compatriots who found themselves unexpectedly left behind outside Russia. It's terrible. Our assistance (and we give active assistance to many people from those regions) is not just courtesy or a way of collecting points on our political rating. I should say it comes from the bottom of the heart.

I believe that what we are doing, what the Russian Government is doing to protect the prestige and so forth of people who speak Russian abroad is totally inadequate, spontaneous, and unsystematic. And when it comes to bodies like the State Committee for Nationalities Policy, in my opinion the paramount task of the State Committee for Nationalities Policy is to give help to our compatriots who are in trouble, both materially (they need that help) and through targeted orders placed with those industrial enterprises where the Russian-speaking population prevails. We have quite a few of those enterprises in the Baltic states.

Of course our people need support in moral terms, in terms of reinforcing their status, in terms of state (not just public) pressure on the governments that oppress, that try to force out, throw out, "squeeze out" Russian people, make them into second-class citizens, make slaves of them, and so forth. That is what we are not doing, unfortunately.

That is why we see happening today, even in Sevastopol, the Ukrainianization of a Russian city and the Russian peninsula of Crimea. After all, that is Russian land, and nobody will ever change my view that a certain statesman, while half-drunk, decided to present Crimea, a Russian land, to another republic, without even considering that a time might come one day when all this would be shared out. To confirm this at state level today is an unlawful and wicked act, simply impermissible, I think.

Take Estonia. What have they done to the Russians? Yet 40 percent of the people there are Russians. There are cities in Estonia — I'm thinking of Narva — which are 95 percent Russian. And Kohtla-Jarve, too.

Now I will tell you, as a "secret," about my intentions. My rating does not worry me in the least. Whether it is high or low. I have a job which I love. A job in the city. Everyone, the saying goes, has his "addiction." My "addiction" is to work in the city and for the city.

As for any ambitious designs on my part, I have no intention of laying claim to anything — any post as premier or president. On any terms.

All the same, I do have plans: to put forward my candidacy for the post of mayor next year. I don't even want to hear about anything else. And I don't want anyone to try to "marry me off" somewhere as an ambassador. [answer ends]

ROSSIYSKAYA GAZETA's chief editor posed the last question (probably in order to let the tired mayor take a breather):

[ROSSIYSKAYA GAZETA] Yuriy Mikhaylovich, what do you think, why are all politicians, particularly those of the professional and theorist kind, eager to be president? Nobody seems to want to be premier.

[Luzhkov] They all see only the outward aspect of prestige, the outward aspect of importance, fame, significance of that post. None of them knows even to the slightest degree, let alone in full, what kind of job it is. What responsibility and what moral burden (even if

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decisions are not made) rest with those people. [answer ends]

Of course, Yuriy Mikhaylovich could not but touch upon his prolonged strained relations with ROSSIYSKAYA GAZETA and the press in general. Indeed, it was with a statement about these relations that he began the discussion.

"For about 18 months to two years," Yuriy Luzhkov said, "ROSSIYSKAYA GAZETA carried on hostile activity toward the Moscow Government. The history of our relationship with the press shows that if the press is very critical of us, but objectively so, then this helps us in our work. If it lies, then sooner or later the lies will come out.... Thus, I think that the active campaign against the government and against the mayor was in itself unobjective. And not because I don't like criticism. I don't think anyone likes criticism. That is inherent in everyone's philosophy."

That was how our guest introduced the discussion.

Last Saturday at the Moscow regional conference of the sociopolitical movement "Russia Is Our Home," Yuriy Luzhkov confirmed yet again that he will support this, by now, Russia-wide electoral movement in the elections, and called on Muscovites to vote for its candidates.

Briefing on Illegal Weapons Trading Held

LD3008220195 Moscow ITAR-TASS World Service in Russian 0954 GMT 30 Aug 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Translated Text] Moscow, 30 Aug (ITAR-TASS) — A large concentration of weapons, explosives, and munitions in the hands of the law-unabiding population continues to be the main catalyst of the exacerbation of the crime situation in the capital. This was discussed at a briefing at 38 Petrovka Street today.

Nikolay Parshikov, the acting head of the regional directorate for organized crime [RDOC] of the Moscow City's directorate of internal affairs, reported that a subunit of Moscow militia under his command was specializing in cutting off the permanent channels used to supply firearms to the city and in exposing major pushers. During this year members of the RDOC confiscated 644 firearms, 143 grenades, 50,000 pieces of munitions, and over 98 kilograms of explosives.

Recently the directorate's members jointly with their colleagues from Udmurtia detained 12 members of the Izhevsk criminal group, which was engaged in the embezzlement of components for firearms from the manufacturing works to be subsequently assembled. Then members of the group sell their goods in Russia's various regions. During the search 22 revolvers, six Makarov pistols, and 4,000 pieces of munitions were confiscated from them.

According to RDOC information, most of the weapons are arriving in Moscow from the Baltic countries (marked "Made in in the Czech Republic" on the barrels), China (Tokarev Tula pistols made locally in accordance with our license are being sent), "hot spots" of the former republics of the Soviet Union and manufacturing works (Tula and Izhevsk).

Leader Comments on Role of Russian Muslims

LD3008183695 Moscow INTERFAX in English 1508 GMT 30 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — Russian Moslems, who number over 20 million, may become a link between Russia, as a great Christian-Moslem power, and the entire Islamic world, a leader of the Russian Moslems Spiritual Departments' Supreme Coordinating Center, Nafigulla Ashirov, told INTERFAX today.

Ashirov said the international conference "Islamic Actions: Necessity for Coordination," which is being held in Moscow, was meant to find the ways for entrusting such a role to Russian Moslems. The international conference involves about 200 representatives from the majority of Russian regions, the CIS countries, delegates from Saudi Arabia, the United Arab Emirates, Sudan, Turkey and Qatar.

Chairman of the London-based World Islamic Council, Saudi Arabia's Minister for Islam 'Abdallah 'Abd-al-Muhsin al-Turki said at the conference's opening that the world should be shown the "true side" of Islam. He said Islam was a merely peaceful religion. He regretted that the "true side" of Islam had recently been seriously distorted.

Ashirov said Russia should be proud with its Moslems rather than be afraid of them.

The Moscow international conference involves leading experts in Islam, representatives of the major Moslem educational establishments, well-known theologians.

The conference will end on Friday.

The international conference is expected to adopt a declaration urging all Moslems of Russia to join and coordinate their efforts for cooperation with all forces which seek peace and well-being on our planet.

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Further Pre-Election Reportage, Commentary

Shakhray Withdraws From NDR Bloc

LD3008152395 Moscow ITAR-TASS in English 1356 GMT 30 Aug 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 30 (ITAR-TASS) — Sergey Shakhray, leader of the Party of Russian Unity and Accord, announced on Wednesday his withdrawal from the council of the "Russia Is Our Home" bloc led by Russian Prime Minister Viktor Chernomyrdin.

Shakhray also advised the council to consider the question of his party's withdrawal from the bloc. Speaking at a press conference in Moscow, Shakhray explained his decision by the fact that Chernomyrdin's bloc "is seeking to build a new party rather than an election movement."

"Given this, PRES (Party of Russian Unity and Accord) would like to preserve its independence as a political party," he said.

Agrarians Add Provision on Defense

LD3008170095 Moscow INTERFAX in English 1315 GMT 20 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 30 (INTERFAX) — The Agrarian Party of Russia (APR) electoral bloc will add to its election platform a provision on defense, APR Chairman Mikhail Lapshin told INTERFAX in an exclusive interview today.

Lapshin said he deemed it necessary because the APR had been joined by the All Russian Committee of War and Labor Veterans of Armed Forces and Law Enforcement and the Agrarian Union of Officers in Reserve and Military Men-Agricultural Producers of Russia.

Lapshin said the All Russian Committee of War and Labor Veterans of Armed Forces and Law Enforcement was backed by 30 million voters and the Agrarian Union of Officers in Reserve united about 10,000 retired officers who had become farmers.

Military experts of the APR parliamentary faction led by General Makhmud Gareyev proposed that the APR election platform should have a provision saying that the Russian army and navy are meant to defend the country "only from external threats and must not be used in political struggle inside the country or in internal conflicts." The experts also proposed that "creation of numerous troops of other "power departments" exceeding the number of the armed forces" should be inadmissible.

The draft provision on defense will be submitted for approval by the APR congress which is also expected to create a defense council, discuss the legislative and executive powers' control over the armed forces and "power structures" and a number of measures related to social protection of servicemen.

The APR congress is planned for September 5.

The APR draft election platform contains such provisions as the Fatherland, Power of People, Justice, Land is Everyone's Property and Well-Being. Lapshin said he believed that the APR and the Communist Party's election platforms had much in common as far as their key points are concerned. Lapshin said the two blocs considered it necessary to prevent a collapse of Russia, to restore in a new fashion the USSR and to radically change the policy of reforms "which should be carried out in the interests of the majority of the population."

Commentary on 'Patriots,' Democrats

MK3108101595 Moscow MOSKOVSKAYA PRAVDA in Russian 29 Aug 95 p 1

[Report by Oleg Zhirnov: "Rutskoy Finds Faults, Gaydar Unites...."]

[FBIS Translated Text] Some 15 weeks are left before the election.... Those who have remained in the background, outside the Duma — the so-called nonparliamentary parties — are coming actively to the forefront. At the outset of the election marathon, they are starting "on equal terms" with the others, or may even have something of a lead....

This forms the basis for the canvassing campaign of the "Derzhava" social-patriotic movement. At the 2nd congress of the movement, held last Saturday [26 August], its leader, Aleksandr Rutskoy, assailed not so much the ruling regime and the object of its hope in the upcoming election — "Russia Is Our Home" [NDR] — as the Duma opposition. Having labeled it "freakish" and "rotten," the former general and vice president blamed the Communist Party of the Russian Federation, the Liberal Democratic Party of Russia [LDPR], the Democratic Party of Russia, and other Duma members for swindling their voters by having done nothing in the course of their two years in the parliament. As for the logic of Rutskoy's election campaign, it is already transparent: In anticipation of the election and under the conditions of an all-embracing devastation, having no faction in the Duma is turning into an asset. Parties that are not Duma members answer for nothing; they have not been tarnished by collaboration with

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the authorities and need not justify themselves before the voters for the shabby results of their activities in the puppet parliament. The once-rebellious general has been waiting patiently for this moment, and is going to gain as much profit from this "advantage" as he can, having forgotten, though, that it was thanks to the Duma opposition's efforts that he was released from Lefortovo [prison] in early 1994.

A. Rutskoy's example also demonstrates the main weak point of the patriotic and statehood-minded opposition: All of its major forces, as of today, will participate in the election independently and will be sure to rob each other of their electors' votes. At the 2nd congress, the "Derzhava" leader recalled the attempts to create the "Accord for the Sake of Russia" movement, the Kaliningrad Forum of Patriotic Opposition, etc., and gave up any further integrative efforts as a hopeless case — "it is impossible to consolidate the opposition." Refusing to enter any union or bloc, A. Rutskoy expressed his ambition to win an "overwhelming majority" in the next Duma. At present, there are already as many as two organizations of the national-patriotic kind — the LDPR and "Derzhava" — that will take part in the election completely independently of one another, striving both to become a "third force" and to win a majority in the parliament. "Derzhava" regards the NDR as its principal adversary, with the LDPR viewed as its main competitor. Its federal slate is topped by A. Rutskoy, the movement's leader; Viktor Kobelev, his deputy and the organizer of V. Zhirinovskiy's previous successful campaign; and Konstantin Dushenov, press secretary to the St. Petersburg and Ladoga Metropolitan Ioann.

Whereas Rutskoy emphasized the dissent in the patriotic milieu, leaders of the bloc uniting such national-patriotic forces as the All-Russia Officers' Assembly, the Russian National Council [Sobor], the Association of Entrepreneurs and Industrialists, and the National State Party, on the contrary, came out for accord. The top "trio on the bloc's slate" — V.A. Achalov, A.N. Sterligov, and A.I. Tizyakov — in fact, embodies the top brass in retirement (the Association of Entrepreneurs and Industrialists has disavowed its affiliation with the bloc via Tizyakov) and is calling for "Russian rule in the country." At a press conference summing up the bloc's congress results, an appeal to all patriots to have "one nationwide slate of candidates" was circulated. This same document also said that all those adhering to a different view were "our enemies' agents and scabs."

In practice, however, it seems that the chances of this bloc collaborating even with the recently created "Power to the People!" electoral bloc, headed by former USSR Premier Nikolay Ryzhkov and Sergey Baburin, leader of the Russian All-National Union [ROS], are getting very slim indeed. The latter bloc was formed by the ROS, the "Mothers for Social Justice" movement, and the Officers' Union. Its leader — Nikolay Ryzhkov — characterized "Power to the People!" as a national patriotic center-left entity that "abstains from extreme stances." He disapproved of "extreme nationalistic positions."

Last week, youngsters with a mild "enlightened patriotism" bias announced the creation of their "Turning Point Generation" electoral association. Its members — the Public Political Youth Movement, the Union of Students' Unions of Russia, and the Union of Youth Housing Complexes — are urging people "to buy Russian goods, to manufacture goods in Russia," and to come out against a "silent treason" — the emigration of young specialists. The youngsters care for their political independence: They have not jumped at offers to collaborate with the NDR and Ivan Rybkin's bloc....

Whereas the patriots, at the moment, are being overwhelmed by discord and open confrontation, the democrats are clearly showing the first signs of driving toward accord. The "Russia's Democratic Choice — United Democrats" electoral bloc has been joined by the "Russia's Democratic Choice" party [RDC], A. Yakovlev's Social Democracy Party, Y. Chernichenko's Peasant Party, and the Congress of National Associations of Russia, headed by A. Rudenko-Desnyak. The bloc's unifying congress was preceded by the 3rd congress of the RDC, where slates of party candidates were formulated. Yegor Gaydar; Sergey Kovalev, the human rights fighter; and Lidiya Fedoseyeva-Shukshina, actress, form the top trio.

Conflicts could not be avoided here, either. Initially, the third position on the slate was occupied by General Vorobyev, who refused to head the military operation in Chechnya. It was feared, however, that without Fedoseyeva-Shukshina among the "trio," some million votes could be lost. Therefore, the actress was advanced to the forefront and the general pushed to the rear, which runs contrary to the spirit of our hard times, when all blocs of any significance tend to decorate themselves with generals. In the corridors, different views were also expressed regarding S. Kovalev, whose perception by the general public is controversial, but he retained his place on the slate. The Political Council, however, exercised its power to move Viktor Luchin, chairman of the Moscow Oblast branch, from second down to fourth place on the regional slate.

As for the true major allies, things are not going too well with the Gaydarites. In his speech, the party leader reconfirmed his refusal to join V. Chernomyrdin's "party of power," although he noted that their stances on the war in Chechnya and economic stabilization

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have become closer. He intimated that he regards the impossibility of forming a bloc with "Yabloko" as a "tragedy." According to a private source, some understanding is being reached with the Yavlinskiyites at the regional level. The "Russia's Democratic Choice" party, however, is concerned over the discord and vacillation among its rank-and-file members. Opinion polls conducted in the movement's regional branches show that only one-third of members intend to support Gaydar's party; another one-third are oriented toward Chernomyrdin's NDR, not wishing to spoil relations with their chiefs; and yet another one-third of members may give their sympathies to G. Yavlinskiy, N. Fedorov, and others....

Not everything is clear here yet. In early September, the "Russia's Choice" movement could hold its congress, where it might suddenly announce the creation of an electoral bloc of its own. Then, the average democratic voter will finally go mad: Whom to vote for? Yegor Timurovich's [Gaydar] followers have been stricken by the fact that the usually indigent "Russia's Choice" movement has suddenly come into money, and they are sensing somebody's evil will behind this.

Finally, some words should be said about the electoral moves of Chernomyrdin's NDR — the main contestant for the new Duma chairs. Moscow Mayor Yuriy Luzhkov spoke about supporting this bloc at the conference of the NDR's Moscow branch. According to a source close to the Party of Russian Unity and Accord [PRES], there was a scandal about this party's membership in the NDR: S. Shakhray, PRES leader, was said to have been denied a place among the top 12 names on the "Home builders'" federal slate and he threatened that his party would leave the bloc. People say that things are not going too well with the just created "Ivan Rybkin Electoral Bloc," either: It is short of funds. They say that the NDR leader warned businessmen against asking him for any favors as premier if they provide funds for the rival "left-hand party." In an electoral drive, notwithstanding how well it is regulated by the law, there will always be some room for "jungle-law" practices.

Zyuganov 'Confident' of Majority

MM3108094195 Moscow SELSKAYA ZHIZN in Russian 31 Aug 95 p 2

[Report by Yuriy Savin under the "Elections: Political Spectrum" rubric: "Agrarians Are Allies of the CPRF"]

[FBIS Translated Text] It is well known how widespread pessimism is in society over changing the present disastrous situation in the country by means of elections. Many people also subscribe to another opinion: The 17 December poll may be the last democratic chance to overcome the present negative processes in the economy and social life. The Communists' understanding of these feelings was shown by the press conference held by leaders of the CPRF [Communist Party of the Russian Federation] 28 August.

Party Central Committee Chairman Gennadiy Zyuganov stressed the thoroughness of work on the election platform approved by last Friday's Third All-Russia CPRF Conference. Communists have no right to populism and cannot promise the people a land flowing with milk and honey. But they have tried to give detailed answers to the questions that perturb people: What is happening to Russia, and how can the situation be rectified after the parliamentary elections and after the victory of a future patriotic president?

The population's opposition to the present regime is growing, the CPRF believes. But the disposition of political forces and the disposition within the mass news media is such that people may be confused by lying slogans and promises. And many people do not believe the TV screen, the radio, or the printed word. So Communists would like to attach paramount importance to direct propaganda of their views among people.

The task of winning Russians' trust is also facilitated by multifaceted work to nominate candidate deputies. The CPRF is in favor of ensuring that social groups of the working people are as widely represented in the next State Duma as possible in the light of their political, professional, national, and territorial interests. The federal ticket, which was also approved at the conference, contains many workers, agrarians, scientists, economic managers, representatives of the scientific and creative intelligentsia, women, and young people. But the ticket is headed by well-known politicians like Gennadiy Zyuganov, Svetlana Goryacheva, and Aman Tuleyev.

The entire territory of Russia has been "broken down" into 20 regional districts where election work will be headed by the most authoritative people. They include State Duma Deputy Anatoliy Lukyanov, Federation Council Member Petr Romanov, General Valentin Varennikov, Pilot-Cosmonaut Svetlana Savitskaya, actor Nikolay Gubenko, and others.

The CPRF attaches particular importance to links with the Agrarian Party of Russia and Nikolay Ryzhkov's "Power to the People!" bloc. According to Gennadiy Zyuganov, in a number of districts — for instance, the Kuban and Altay and Kirov, Kostroma, Vologda, Leningrad, and other oblasts — these political forces have already managed to coordinate their positions on the nomination of candidate deputies. "We are absolutely confident," the CPRF leader noted, "that we

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will considerably strengthen our positions and, together with our allies — the Agrarian Party, the 'Power to the People!' bloc, and others — will be able to form a parliamentary majority." The next step would be the creation of a government of the people's trust capable of implementing a program of national salvation.

'Power Struggle' in Oil Sector Seen

MM3108104495 Moscow IZVESTIYA in Russian 31 Aug 95 p 1

[Report by Sergey Leskov: "'Oilgate' Developing in Russia"]

[FBIS Translated Text] In recent days the struggle to inherit the former USSR's most valuable asset — the oil industry — has been drastically aggravated. B. Yeltsin has only just signed the edict "on the formation of the Siberian oil company," which could lead to unpredictable and scandalous consequences.

Two weeks ago the question of the final composition of the three biggest Russian companies — "Lukoil," "YUKOS, and "Rosneft" — seemed to have been resolved. According to the reports of a number of news agencies Premier V. Chernomyrdin had already signed the decree defining the structures of the Russian oil companies. The question of the newly created "Rosneft" state company with a total extraction volume of 33 million tonnes a year, which is over 10 percent of all Russian oil extraction, was particularly important. It seemed that the struggle for the oil enterprises — which had nothing to do with oil — was coming to an end.

In this connection there were persistent rumors in the Ministry of Fuel and Energy that one of the most unsinkable of all ministers of all Yeltsin's cabinets (who, incidentally, everyone unanimously considered to be Chernomyrdin's man), Yuriy Shafranik, would take the post of "Rosneft" president. It was said that a decree on his nomination was to be published in just days. But there was a surprise: The decree on the oil companies was delayed and recalled to the president's staff on the pretext that a few formalities had to be settled.

Either the settling of the formalities has been delayed or the document has been completely shelved on some plausible pretext but the president has signed a completely different "oil" edict regarding the Siberian oil company. The scandal is that it has been joined by Russia's biggest oil extracting association, "Noyabrskneftegaz" (22 million tonnes of oil) and the Omsk oil refinery, Russia's largest (16 million tonnes of oil). These enterprises just recently belonged to "Rosneft." If you consider that one more oil company, "SIDANKO," is lobbying not without success for a review of "Rosneft's" ownership rights to "Purneftegaz" and the assimilation of that giant then you can expect that the state oil company will be without extracting enterprises even before it has been born. On the other hand clouds have also gathered over "SIDANKO, which on the plausible pretext of creating regional companies is threatening to acquire enterprises in Khabarovsk, Komsomolsk-na-Amure, and Sakhalin.

As for "Rosneft," then now without a doubt the state company will be relegated to secondary roles by its competitors and obliged to concern itself with the sector designed bureaus and scientific research institutes which have been left to it in unprofitable technical engineering developments. The blow to "Rosneft" would also indirectly affect the fact of the Moscow oil refinery, which at the moment is part of its structure. The question arises of the possibility of whether the refinery will be continuously loaded by a company deprived of its raw material sources. In that situation the capital's authorities, which have long wanted to lay hands on the oil refinery, will have important trump cards. According to some reports "Rosneft" was offered payment for "Noyabrskneftegaz" in the form of the "Permneft" and "Samaraneftegaz" enterprises. The former is part of "LUKOIL" and the latter part of YUKOS. The obvious consequences of this suggestion, if it is implemented, is that the oil generals will be reduced to a state of fury and mutual hostility.

The sacred question is: Who stands to gain? It is no secret that on the threshold of the imminent elections Chernomyrdin's "Russia Is Our Home" bloc counted particularly on the support of the oil and gas complex. And now the situation has been aggravated over "Gazprom" although Rem Vyakhirev is denying rumors of a check on the large Russian monopoly company. Everything has also become confused in the oil economy, where the presidents of companies are now thinking a hundred times over about who to support and whether or not to put money aside for a rainy day.

In the corridors of the Ministry of Fuel and Energy there are persistent rumors that behind the back of the Siberian oil company, which has suddenly acquired unprecedented power, there stand people form the president's immediate entourage. Otherwise it is hard to explain the circulation of edicts and decrees which has taken place. One recalls that even before some people from the president's entourage and guard displayed great interest in oil affairs, by no means because of their professional duties. According to available information the big businessman Boris Berezovskiy and the notorious "Balkar Trading" company are involved in the emergence of the Siberian oil company.

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The struggle for the fuel and energy complex is essentially a struggle for power. Because the fuel and energy complex ensures 50 percent of the gross export profit and 40 percent of the budget revenue and 30 percent of the cost of industrial output. It would be no exaggeration to say that the politician who gets his hands on the oil valve will hold the country more completely in his hands than a cardiac surgeon holds a patient on the operating table.

Military & Space Issues

Military Curriculum To Exclude Chechen Campaign

LD3008192895 Moscow NTV in Russian 1800 GMT 30 Aug 95

[From the "Segodnya" program]

[FBIS Translated Text] The experience of the Chechen campaign will not be a subject of study in military colleges, Defense Ministry spokesmen stated today. They voiced the opinion that even without the Chechnya campaign, Russia's military history features plenty of examples of combat action in urban conditions. The main focus in officer training will be upon battle experience during the Great Fatherland War [World War II] and in Afghanistan. This statement is oddly at variance with what Defense Minister Grachev has said. Speaking about the assault on Groznyy, he said there had been no case in the history of the army's military art of taking a city populated by its fellow citizens. So perhaps the military have some other reasons for not wanting to study the experience of the Chechnya campaign.

Data on Status of Officer Corps Cited

MM3008153395 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 26 Aug 95 p 6

[Unattributed report: "Officers! Russian Federation Ministry of Defense Information Administration Publishes Data on Armed Forces' Officer Corps"]

[FBIS Translated Text] It transpires that the current plan is to have on average one officer for every four men in the Russian Armed Forces (there was one officer for every five men in the USSR Armed Forces). In the Strategic Missile Forces, the Military Space Forces, and the Air Force this ratio is on average 1:2, which is connected with the specific conditions of the service and the complex military equipment and weapons with which these troops are equipped.

The prescribed manning level of the Russian Federation Armed Forces envisages an average of one general (admiral) for every 1,000 servicemen (this was the same in the USSR Armed Forces). Subsequently, when military reform is completed, it is planned to have one general (admiral) for every 1,200-1,300 or more servicemen. The prescribed manning levels determine the number of senior officer postings in the Ministry of Defense's central apparatus as 5 percent of the total establishment positions for Armed Forces generals (admirals).

Officers, generals, and admirals of over 100 nationalities and ethnic groups are serving in the Army and Navy. The greatest proportion (in percentages of the total numerical strength of the officer corps) comprises: Russians — 79.9, Ukrainians — 11.7, Belarusians — 3.8, Tatars — 0.44, Chuvash — 0.41, and Armenians 0.4.

One of the most serious problems of the Armed Forces is undermanning, including in the officer corps. In 1992-1994, 1,018 generals, 115,900 senior officers, and 19,900 junior officers were discharged from the Armed Forces. The reasons for the discharges were: on age grounds — 18 percent of the total number of discharged generals and officers; on health grounds — 11.6 percent; manning and organizational measures — 27.9 percent; other reasons — 42.5 percent. During this same period over 43,700 officers left to join the armies of the CIS countries; of these, 28,500 left in 1992, 13,500 in 1993, and 1,700 in 1994. Over 60 percent of those who expressed the desire to serve in the CIS countries' armies were junior officers.

Overall undermanning of the officer corps at the beginning of 1995 exceeded 12 percent. Over 38 percent of the total undermanning affects primary officer postings. During 1995 it is planned to discharge into the reserve or to retire around 12,000 officers who in terms of age have completed the military service terms established by law.

In this situation it has been necessary to resort to the temporary measure of renewing the drafting for military service of officers in the reserve. Up to 18,000 citizens who have not performed military service and who have graduated from state institutes of higher vocational education and joined the ranks of the Russian Federation Armed Forces reserve with the rank of officer are being drafted every year.

At present there are 106 military educational institutions in the Ministry of Defense system. They include 17 academies, one university, four institutes, six military faculties, 74 higher military schools, and four secondary military schools. The total number of their pupils and students is nearly 26,000. Another 1,200 students from 21 foreign countries are studying in Ministry of Defense institutes of higher education. A total of 47 military

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higher education institutes were left beyond Russia's borders.

Military education is financed from funds allocated for maintaining the Armed Forces. Funds are not allocated specially from the state budget.

The total teaching strength of Russian Federation Ministry of Defense military educational institutes is over 32,000 — 880 of whom are doctors and 9,488 candidates of the sciences.

In recent years the tendency had been for the competition for admission to military schools to decline (from 1.9 people per place in 1989 to 1.35 in 1993), which has been the consequence of antiarmy moods in society, the deterioration in the living standard of servicemen, and the reorientation of moral values among civilian youth. However, in 1994, competition for admission to military educational institutes started to grow and constituted 1.6 people per place, which is greater than 1990's indicator. One of the main reasons for young people's increased interest in military higher education institutes in the past year is the guarantee of job placement and of working in your own specialty, as well as an improvement in the material position of students at military educational institutes in comparison with students at civilian institutes of higher education.

Fifty-two Heroes of the Soviet Union, including seven who are Twice Heroes of the Soviet Union, are serving in the Russian Federation Armed Forces. These include three marshals, 21 generals, and 28 officers. Furthermore, 45 Heroes of the Russian Federation are serving in the Russian Army (three generals, 38 officers, 2 warrant officers, one master sergeant, and one private)

According to figures as of June 1995, over 12,000 men have been awarded Russian state awards for courage, heroism, and military skill displayed during the military operation on the territory of the Chechen Republic; of these, 4,272 were officers and generals.

Ukrainian, Chilean Satellites Successfully Launched

LD3108074495 Moscow ITAR-TASS in English 0728 GMT 31 Aug 95

[By Veronika Romanenkova and Viktor Gritsenko]

[FBIS Transcribed Text] PLESETSK COSMODROME, Northern Russia, August 31 (ITAR-TASS) — The Russian Space Forces on Thursday launched the Tsiklon-3 booster rocket with Ukrainian and Chilean satellites after a 24-hour delay due to a technical malfunction.

The Russian booster is to put into orbit the Ukrainian Sich-1 satellite and the Chilean FASat-Alfa.

'Kosmos' Launched From Baykonur Cosmodrome

LD3008203795 Moscow ITAR-TASS World Service in Russian 1949 GMT 30 Aug 95

[By ITAR-TASS correspondents Veronika Romanenkova and Viktor Gritsenko]

[FBIS Translated Text] Baykonur cosmodrome, 30 Aug (ITAR-TASS) — Today at 2330 hours Moscow time a satellite of the Kosmos series was launched from the launching complex of the 200th pad of the Baykonur cosmodrome; it will be working in a geostationary orbit in the interests of the Russian Defense Ministry. The launch was carried out by the Russian Military Space Forces using a "Proton-K" heavy carrier-rocket with a DM-2 booster unit.

Federal Assembly

Isakov on Federation Council Election Procedure

MM3008132295 Moscow SOVETSKAYA ROSSIYA in Russian 29 Aug 95 p 2

[ITAR-TASS report: "Five More Options"]

[FBIS Translated Text] Moscow, 28 Aug — The law on the formation of the Federation Council, rejected by the Russian president, is becoming the subject of examination of the conciliation commission created by the parliament chambers with a view to completing work on it. Today the first such session took place, an ITAR-TASS correspondent was told by Vladimir Isakov, chairman of the State Duma commission for legislation and court and legal reform.

He noted that at the session the president's representative, Aleksandr Yakovlev, and other members of the conciliation commission set forth their positions. "During the 90-minute exchange of opinions a number of compromise options were outlined," Vladimir Isakov said. He stressed that "in principle everyone agreed that the concept of the 'formation of the Federation Council' provides the opportunity for a whole range of such options — from the delegation of administration heads to the chamber, as the president suggests, to their election at elections, on which the State Duma insists."

Vladimir Isakov, who is chairman of the Duma part of the conciliation commission, stated that "between these two extremes there are many transitional options." In particular he indicated one of them whereby the dispatch of administration heads to the Federation Council will be possible but they must be elected in the course of elections. Or another combination: Someone who is not an administration head can also be dispatched to the Federation Council but in that case he too must go through the election procedure.

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The chairman of the State Duma committee for legislation and court and legal reform said that of all the compromise options five had been selected and a group of experts will now work on them to formulate them in document form.

Regional Affairs

Defense Minister Grachev Visits Far East

LD3008144995 Moscow ITAR-TASS in English 1335 GMT 30 Aug 95

[by ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow, 30 Aug — Russian Defence Minister Army Gen Pavel Grachev leaves on a working visit to the Far East on Thursday. The ITAR-TASS correspondent was told today at the war department that he would visit garrisons of the Far East military district and warships of the Pacific Fleet, and take part in the events dedicated to the 50th anniversary of World War II.

According to preliminary information, returning from Vladivostok, Army Gen Pavel Grachev will make a stop in Khabarovsk where he will hold a duty conference with generals and officers of the Staff of the Far East military district. There will be discussion of the preliminary results of the summer combat training and preparing garrisons for winter.

Chernomyrdin Praises Tatarstan's Role, Offers Aid

MM3008183895 Moscow ROSSIYSKAYA GAZETA in Russian 31 Aug 95 p 2

[Report by Dmitriy Mikhaylin: "Holidays Are Soon Over"]

[FBIS Translated Text] Kazan — Russian Prime Minister Viktor Chernomyrdin was in Kazan 29 August in connection with the celebrations marking the fifth anniversary of the Declaration of the State Sovereignty of the Republic of Tatarstan. He took part in a ceremonial session to mark the occasion, where he read out Boris Yeltsin's message of congratulations.

In his speech, Viktor Chernomyrdin made a high assessment of the path taken by Tatarstan in the past five years. "These have been years of a quest for the optimum effective model for preserving Russia's unity," the Russian prime minister said. "Tatarstan, its leadership, and President Mintimer Shaymiyev personally have done a great deal, first, to strengthen ethnic harmony within the republic itself and, second, to extend the idea and importance of the concept of federalism for our multi-ethnic Russia.

"The declaration of the Republic of Tatarstan's sovereignty and the subsequent signing of the treaty demarcating jurisdiction and powers with federal organs were essentially some of the first steps toward establishing real federalism in the Russian Federation."

The prime minister's meeting with the leaders of the republic's industrial enterprises was businesslike. Despite the fact that there is a certain degree of stabilization in Tatarstan's industry, around half of its plants are cutting back on their production. The budget deficit is currently 25.1 billion rubles. Most defense-sector enterprises, which form the basis of the republic's industry, are on short-time working, and one in every three stopped work in July. The agreements on funding levels that were reached with Russian ministries and departments are not being carried out. The Defense Ministry is chronically delaying payment or not paying for its orders at all.

Against this backdrop, the prime minister's promises to investigate the problems facing the Kazan Aviation Production Association, the Yelabuga Car Plant, and the republic's petrochemical enterprises were encouraging.

Moreover, the premier has promised to "ease taxes" as of January next year and, before that, to abolish customs duties for enterprises suffering losses as a result of the introduction of the exchange-rate band making their exports unprofitable.

Buryat President Potapov Interviewed

MM3008154395 Moscow ROSSIYSKIYE VESTI in Russian 30 Aug 95 p 2

[Interview with Leonid Potapov, president of the Republic of Buryatia, by Gennadiy Pypylov in Ulan-Ude; date not given: "On Both Sides of Lake Baykal" — first paragraph is ROSSIYSKIYE VESTI introduction"]

[FBIS Translated Text] ROSSIYSKIYE VESTI's correspondent talks with Leonid Potapov, president of the Republic of Buryatia:

[Pypylov] Buryatia has followed Tatarstan and Yakutia and signed a treaty with Russia on the delimitation of powers. It is believed that this is one element in the intensification of Russian federalism. But, Leonid Vasilyevich, does it not look as though Russia is signing a treaty with a component part of itself?

[Potapov] What is important is the gist of why a treaty is needed. Russia has many faces and is very diverse in its socioeconomic, cultural, climatic, and other conditions. And the features of regional development can be different. The state must regulate the regions' life. Here they all have different socioeconomic levels which must be brought up to the average Russian mark. That is the main task of state policy. And I believe that the

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treaty we have signed is of very great importance from that viewpoint. Primarily to the republic, which for over three centuries has been part of Russia.

[Pypylov] The present economic situation is indeed grave. Perhaps Buryatia has forgotten about its sovereignty. But nonetheless the Russian Federation Government has repeatedly adopted decrees "on the republic." Boris Yeltsin's recent edict gears us toward additional measures of federal support.

[Potapov] You see, I do not think that we are particularly remarkable among the other components. I keep Boris Nikolayevich constantly informed of particular features of our republic. In the end Siberia is Siberia. Living here is difficult. Our region is a depressed one and we should not be afraid of that word. But we have an adequate economic potential. But in connection with the market reforms changes are essential, and fundamental changes at that not geared to short-term considerations. For the defense industry, for instance. We have an aviation plant — the largest in Siberia and the Far East. We have an automated control systems plant, an instrument building association, an engine building plant, and aircraft repair plant.... There is no state order but it is impossible to switch them to civilian output instantly. Perhaps only in 1997 will stabilization begin in the republic and primarily in the timber complex, the gold mining industry, and the production of construction materials. So that today the long adaptation to the market is continuing.

[Pypylov] It is impossible to avoid the problem of Lake Baykal. Nearly all expenses on the protection of this Russian asset are borne only by Buryatia — the purification installations costing many billions, the losses of currency-earning output, the banning of fertilizers in agriculture....

[Potapov] Add to that the increase in the water level because of the Irkutsk hydroelectric power station backwater. Understandably, one treaty alone cannot resolve all the questions surrounding Lake Baykal which have been accumulating for decades. But since there is now a legal basis the water level in the "glorious sea" should be regulated. That is a serious issue. Why is it that we are collecting water for the lake — with all the 336 rivers and streams — while Irkutsk Oblast, through which the Angara flows, receives the cheapest electricity in the country through its powerful hydroelectric power stations? Forgive me, but objectively our territory is being exploited by our neighbors and they are causing harm and so I believe that by reducing rates for electricity we should compensate for all these ecological and economic expenditures. Or take the Baykal pulp and cardboard combine which to this day is poisoning the lake with industrial effluent. There is a long-standing plan to reorient the combine. Irkutsk scientists have suggested that we shift its capacities to the Selenga pulp and paper plant. For several years now is has been operating on a closed water circulation cycle, that is not a drop of effluent enters Lake Baykal. But there is a long way to go from the scientists' idea to engineering developments. As far as I know Yuriy Nozhikov, governor of Irkutsk Oblast, has his own special opinion of which he has informed the president. In general preserving this unique natural complex is a task for all us Russians. The treaty will enable us to build new relations with the Russian Federation Government in this field too.

[Pypylov] Briefly about the Baykal-Amur Railroad. During his trip there our head of state noted that we cannot forget the exploit of its builders, both yesterday and today.

[Potapov] I believe that better times will come in Russia. Far better than now, and then the "construction site of the century" will serve Russia. Minerals will be in demand and the Baykal-Amur railroad's international significance will be manifested. Japan and China have long been looking at the mainline railroad.

In conjunction with the leaders of Irkutsk, Chita, and Amur Oblasts, Khabarovsk Kray, and the republic of Sakha (Yakutia) we recently held a regional out-of-town conference in Tynda with the participation of the Ministry of railroads where we examined questions of the operation of the Baykal-Amur railroad. The Russian Government has been sent our concept for the region's development which considers the market conditions and features which have taken shape.

[Pypylov] On the political plane Buryatia is marked by calm and here as nowhere else we can observe interethnic consensus and that makes it possible to hope that no one will prevent the implementation of what has been planned.

[Potapov] I fully agree with you. Here is a recent example. The Transbaykal has just celebrated the centenary of the people's epic "Gesar." The Russians, Ukrainians, Evenki, Poles, Jews, and Koreans living in good-neighborly fashion with the Buryats — in brief all the inhabitants of the multinational republic — treated this event with full understanding. It was a national holiday. We were morally and materially supported by the Russian Federation Government. And the president in his congratulations stressed his certainty that "in the future a solicitous attitude will be preserved in Buryatia toward the monuments of culture which contain the eternal ideals of universal human values and relations of friendship will strengthen...."

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The Buddhist religion can also be regarded as a factor of stability. It preaches a very wise Eastern philosophy whereby people, on doing a good deed, themselves determine their own future. It is toward this that we are geared in signing the treaty with Russia.

Zhirinovskiy's Novosibirsk Visit Reviewed

954F3255A Novosibirsk SOVETSKAYA SIBIR in Russian 25 Aug 95 p 2

[Report by A. Zharinov: "'We Are on the Political Olympus, But Everybody Wants To Obstruct Us...': On the Results of V. Zhirinovskiy's Visit to Novosibirsk"]

[FBIS Translated Text] On the day of Vladimir Zhirinovskiy's visit to Novosibirsk, journalists hang around for about an hour, waiting for him. Alas, the press conference never materialized. Later, after relocating to a large auditorium of a social-cultural center, where the LDPR [Liberal Democratic Party of Russia] leader's meeting with the public was to be held, we learned that "the bureaucrats had played a dirty trick again"—delayed the plane in order to cut the visit's program.

The country's supreme liberal democrat, who devoted several minutes to the analysis of this "perfidy," just about mixed the local administration with dirt ("low intellectual and political level," "perpetrators of dirty tricks"), not noticing that he himself had stepped over the line of certain "intellectual permissiveness." On the other hand, all these accusations were greeted by the audience in attendance (as is known, head of the oblast administration I. Indinok is out of town—vacationing in the south) warmly, with timid, fast-fading applause.

All in all, the meeting's atmosphere and its entourage were unusual. Young, well-built men in camouflage fatigues, wearing waist-belts and gun holsters, filled the aisles all the way to the stage (I counted about 20). They also stood at the stage and near the head table, picture-book motionless and vigilantly scanning the auditorium. I cannot recall such vigilant protection of any VIP. Even during Yeltsin's visit here.

The curtain of vigilance was lifted by the guest:

"The LDPR is on the political Olympus, but everybody wants to obstruct us, to make trouble for us...."

The intrigues, as the bodyguards explained to me, are not limited to the political kind—there are also threats of physical harm. The word is stronger than crude force. And how many of them, these unpleasant, "killingly truthful," shocking words that have been said by the LDPR faction's leader over the past several years at rallies, meetings, from the Duma rostrum! Today the faction accounts for 12 percent of the deputy corps.

"We were pushing the new parliament to get busy with more topical problems. First and foremost the laws on local self-government," said V. Zhirinovskiy at the meeting, "and only then deal with pollock fishing in the Sea of Okhotsk."

Having complained about delays in adopting the law on elections, he admitted that the LDPR faction so far "cannot force the remaining 88 percent of the deputies to vote the right way." The speaker did not elaborate on what precisely is the right way, hinting that the final truth is the province of the liberal democrats.

They do have too few seats so far, of course. Both to make a perceptible difference in the draft laws being adopted and to form their own government cabinet. There is not much time left until parliamentary elections, and they have to make an effort to increase their political influence, sow seeds of hope in the electorate's soul.

What are these "seeds"? What is the their germinating capacity? Alas, they are not that fresh: Trust us, and there will be a lot of change in Russia! Quickly, steadily, and radically. The methods? The simplest, traditional, and most unexpected.

Here are some ideas proposed by the Moscow guest.

First. We let $300 billion get funneled to the West. Deliberately remove all restrictions on the export of capital. Why? It is not too late to bring this money back, and some bankers are willing to do it.

The second source of income—foreign property. Also appraised at $300 billion. Who keeps us from "taking it into our hands and using it for our enrichment? Leasing, selling?"

Finally, scientific breakthroughs with respect to new types of fuels and power generation—another $300 billion.

The total: $1 trillion! Even 10 percent of the above constitutes tremendous wealth! Do we not want to take it?

And do we want to continue helping the CIS? In Zhirinovskiy's opinion, about 30 percent of our income goes there. This is income that we simply let slip away.

Frankly, the figures and calculations invite considerable doubt. For instance, the magical "$300 billion." And three times, mind you. By what methodology was the return on scientific breakthroughs calculated? Intuition, osmosis?

As you can see, this takes care of economics. Time to get to crime. Vladimir Volfovich envisions a comprehensive way of reining it in: Draft a code of laws covering all spheres of life and the economy, return to the

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organs the lost cadres of professional sleuths and operatives. And here are "new approaches" conceived by the LDPR's brain center: "Close the borders in some places and bar undesirable 'guest performers' from entering Russia," "Use the ethnic factor" (75 percent of criminal groups are headed by non-Russians, and if we tell the heads of Russian gangs: "Neutralize ethnic groups and we will forgive you, fully exonerate you," many would agree).

Another possibility: the method of "gangster deportation"— issuing inveterate criminals foreign passports and airline tickets— for instance, Novosibirsk—Vienna. Let foreign countries hobnob with our criminal world.

There is another radical way: penal battalions. Why not send detachments of criminals to hot spots—Tajikistan, for instance? Let them wash off with their blood their debt to the motherland.

"We set the condition: You can go that way, but not back. And they will quickly close off all the Pamir passes and will show the mojahedin that our borders are under a secure lock," summed up V. Zhirinovskiy.

As you can see, the arsenal of measures is broad and diverse. Our history of combating crime probably never had anything quite like it. And in this sense I think that Vladimir Volfovich has far outpaced the specialists—jurists of all countries and peoples. Although in his appraisal of the current state of crime he is right, of course, in characterizing it as "deep-rooted," "mass-scale," and "uncontrollable" in the environment of an amorphous, out-of-control system of authority.

By the way, on the subject of authority, V. Zhirinovskiy did not fail to speak up in his typically sharp, denunciatory manner:

"Russia has been on the losing side the entire twentieth century. We killed the most talented prime minister—Stolypin. Killed Lenin and Stalin by overwork.... Removed Khrushchev through devious deception. Kept Brezhnev going on batteries for an extra five years. Pushed Andropov into an early grave. Chernenko should have refused to take the job on his own. Gorbachev surrendered our positions, betrayed, ran. And now we are suffering through a ninth ruler. And we cannot respect anybody in the leadership...."

I could not get rid of a feeling that the LDPR leader was euphoric with denunciation: The authority is bad, weak, shortsighted. Except that it was not clear which authority he was talking about. The government? The president? The executive vertical chain of command? The name of Boris Nikolayevich apparently was not part of this list, since the speaker tactfully avoided it.

"We have the money; we have industry; we have educated, skilled people. But the national leadership at all levels is conducting a policy that makes us poorer, makes us live worse," was the LDPR leader's conclusion. "You can compare it with a patient: The diagnosis is known; there is a physician; there is medicine. But one physician drives the patient to death. While another treats him, and the patient gets well."

Vladimir Volfovich, of course, sees himself and his people as a team of knowledgeable internists.

"I warned the voters," he remarked, "if you do not elect me president, you will get ruin, hunger, cold, and bloody conflicts. And this precisely what happened! Therefore, you can only blame yourselves, not me."

To be honest, I am not at all confident that we would have "kept up with the planet" under Zhirinovskiy's tutelage. Far from everything is inarguable in his political schemes. (Take, for instance, eliminating autonomies and administrative division by province. Or his version of ending the war in Chechnya: Whoever does not surrender arms will be destroyed!) Much in it reflects the populist syndrome.

Much, if not everything, in the actions of Zhirinovskiy's team plays at raising Vladimir Volfovich's image as a strong and extraordinary politician. From the iron discipline of LDPR members to well-thought-through symbolism: pins, flags, armbands, the flood of party literature. Not to mention the 80-proof "Zhirinovskiy" put into production and distribution by his team—to spite foreign brew the likes of "Rasputin" and "Gorbacheff."

And Vladimir Volfovich himself untiringly nurtures his extravagant image by sharp words and scandals.

During his meetings with the Novosibirsk public, he explained, for instance, how he is going to put the final dot on the televised brawl with Nizhniy Novgorod Governor Boris Yefimovich Nemtsov:

"On Sunday, at my dacha I will be slaughtering a ram I was given as a gift in Krasnodar Kray. I named him in Nemtsov's honor: Ben."

This is another stroke to the portrait of the leader of a party standing "on the political Olympus."

Irkutsk Sees New Energy Prices Favoring Moscow

MK3008134395 Moscow SEGODNYA in Russian 30 Aug 95 p 2

[Report by Natalya Averina from Irkutsk: "Irkutsk Governor Has Voiced Protest. He Thinks That Draft Project

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on Formation of Electrical Energy Prices Infringes on Rights of Provinces"]

[FBIS Translated Text] Irkutsk Oblast Governor Yuriy Nozhikov in his open letter to Viktor Chernomyrdin, the head of government, has strenuously opposed a draft project on "Guidelines for Electric and Thermal Energy (Power) Price Formation on the Territory of the Russian Federation." The document was greeted with disapproval by the Irkutsk administration as hardly leaving it any controls to influence energy prices.

Alleging that the draft project "grossly violates the constitutional principle of federalism," Mr. Nozhikov went on to explain that the document reveals "an overt imbalance of powers between regional and federal energy commissions." The draft project, in the governor's view, accords certain subjects of economic management the powers of state agencies. This is reflected, for instance, in the right of the "EES Russia" joint-stock company to make authoritative decisions jointly with the Economics Ministry and the Fuel and Energy Ministry.

Yuriy Nozhikov proposes that the government chairman take into account all suggestions and remarks made by Irkutsk residents and task the Economics Ministry with bringing the draft project into conformity with the legislation.

'Transformation of the Urals' Holds 5th Congress

MK3108101695 Moscow KOMMERSANT-DAILY in Russian 30 Aug 95 p 3

[Report by Viktor Smirnov: "The Urals Wants To Transform Russia"]

[FBIS Translated Text] The fifth congress of the "Transformation of the Urals" [Preobrazheniye Urala] public association, led by Sverdlovsk Governor Eduard Rossel, which was held in Yekaterinburg yesterday, had everything a congress of victors ought to have: Euphoria over the victory, hopes for participation in the future dividends, and plans for future achievements. The first of these, in the delegates' unanimous opinion, should be a victory in the winter elections to the State Duma by the "Transformation of the Motherland" [Preobrazheniye otechestva] all-Russia association, created on the basis of the Urals bloc.

Although there was no fanfare in the hall of the Urals Cadre Center yesterday, triumphant music was heard in statements by the majority of congress participants: both those who reminded Eduard Rossel of his pledges during the election campaign, and those who expressed thinly veiled intentions to take part in the future pork-barrel process. True, speakers chose not to mention the fact that Rossel's confident victory in the gubernatorial election was 90-percent due to his own political experience and the skillful performance by his agents, not the authority of the association that nominated him.

Meanwhile, the "transformers" are thus far not prepared to call it a day (in the past two years candidates fielded by "Transformation of the Urals" have emerged victorious in elections to the State and Oblast Duma). The delegates saw as the association's major task the creation of an influential power structure in the oblast, which should be helped by the December elections for the heads of local self-government bodies, and next April's elections for deputies to the Oblast Legislative Assembly. The Urals association plans to continue its victorious traditions at the federal level as well: According to many of the congress delegates, victory in the gubernatorial elections could augur success in the elections to the State Duma for the "Transformation of the Motherland" all-Russia association, created on the basis of the "Transformation of the Urals" bloc.

True, the federal future could turn out to be not so bright for the "transformers" after all: In order to secure 5 percent of the vote in Russia, what is primarily needed are the prominent names of regional leaders, and enlisting their support will not be easy. Organizational procedures can also prove to be intractable: Even "Transformation of the Urals" so far has no diversified network of local chapters, while many of its activists during the recent election campaign, in the expression of one congress delegate, sat in the bush, coming out only when the "sweet pie" began to be doled out. Moreover, by concentrating his attention on all-Russia affairs, Rossel risks missing a strike from the rear, where the defeated ex-governor Aleksey Strakhov has already begun to study the part of a hurt and persecuted politician.

Campaign Visits to Kuban Derided

MM3108115095 Moscow SELSKAYA ZHIZN in Russian 31 Aug 95 p 2

[Article by Yuliy Semenenko under the "Elections: Political Spectrum" rubric: "Go I Know Not Where. That Is the Content of the Election Programs of Most Parties and Blocs"]

[FBIS Translated Text] The closer we get to the Russian parliamentary elections, the more active the main players, and also various prompters and extras, are on all political stages, including those in outlying districts. Not a day goes by without, say, the Kuban receiving the honor of a visit by a high-ranking representative of some party or bloc. Airliners often simultaneously disgorge several contenders for the lofty title of "servant

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of the people" with parallel or else opposite political courses.

As always, the working visit of LDPR [Liberal Democratic Party of Russia] leader V. Zhirinovskiy was held with great ceremony. Vladimir Volfovich, who is not in the habit of scrimping on resources (people in the Kuban remember the furor in Sochi last year and the tremendously generous refreshments laid on for all residents of the kray center), had a personal aircraft at his disposal. This time the indefatigable "falcon" made a dash not to the south, but to the north of the kray — to the cossack village of Kushevskaya. And although his current campaign show managed without sweeping promises such as "a job for every unemployed person," "a husband for every unmarried woman," and "total prosperity for every Russian," there were still plenty of heartwarming promises. Provided he wins the elections, of course.

The hearts of many Kushevskaya residents and their neighbors from Rostov Oblast, Kalmykia, and Stavropol Kray were finally won by the Liberal Democratic bigwig's enthusiastic performance at soccer. Fans saw some amazing feints! And those who aren't fans, mostly old women from the village without much of a grasp of the finer points of sport and politics, were moved by Vladimir Volfovich's passionate speech about the indissoluble link between the Orthodox faith and the Slav spirit. Zhirinovskiy delivered it from the pulpit of a newly constructed but not yet consecrated church. This time the super-energetic secular pastor proved quicker off the mark than his clerical counterparts....

People in the Kuban remember the visit of another political leader — Viktor Stepanovich Chernomyrdin, founding father of the "Russia Is Our Home" [NDR] movement — for rather different reasons. Early in the morning of that ordinary workday, virtually all the main highways in Krasnodar were suddenly closed. The overly obliging custodians of law and order who thronged the streets and in their official zeal even stopped public transport were so numerous that Krasnodar residents were astonished. "There are so many of them, but how come in that case there is nobody to protect us? After all, the things that go on nowadays, you're afraid to go out into the street," was the comment of kray residents on the sight as they cursed about being late for work, for the polyclinic, or for all-powerful paperwork at the office.

The least well-informed of them even panicked, and rumors began to circulate, each more terrible than the last. Had some terrible cataclysm erupted, or had a gang of Dudayev supporters forced their way into the city, or maybe there had been a coup? Where exactly this might be was something about which nobody would say anything definite. It never occurred to ordinary people that this was the day of the opening of the kray NDR organization. Admittedly, the organization itself did not yet exist. But what did that matter when orders had been received from on high to create it and ensure that the powers that be, in other words, candidate members of the movement, turned up?

They duly ensured this, created it, and urgently held rayon conferences, just as smartly and efficiently as in former times! Admittedly, in some places people clearly went too far, in precise accordance with the premier's favorite saying: "We hoped for the best, but the upshot was as always." Thus at its conference the leadership of Gulkevichskiy Rayon put the question point-blank, so to speak. That is, in approximately the following vein: Anybody who is not with us (not with "Democratic Russia," that is) is against us. Thereby evoking open anger from people who disagreed with these actions. But the majority of Kuban people are still perplexed: The current regime, which has plunged Russia into a quagmire of disaster, already has the necessary powers, so who is preventing it from giving the people a decent life and restoring the country's former greatness? Or does the "party of power" require unlimited power?

But what most bothers Kuban people, who aren't very susceptible to sweeping statements, is something else — the astonishing modesty of the authors of the new platform when it comes to making public their answers to the most burning issues: How and by what means will it be possible to revive the country? They say nothing specific! It is just like the old fairytale: Go I know not where, and bring I know not what. With leaders like these we will blunder still further in the bazaar-cum-market labyrinth and pick up still more dangerous trophies from the Pandora's box that Gaydar's team opened up for us.

More generally, it is a bizarre vogue: As they invite us into their political sideshows, most of the barkers are promising future prosperity but, though they depict "A" in colorful terms, are stubbornly refusing to give the next letter of the alphabet. Even the Gaydar supporters have suddenly begun to obscure their "B" with various beautiful vignettes.

The founders of the new center-left bloc also obscured precisely this part of their election platform. You would have thought that Ivan Rybkin of all people, with his experience of maneuvering on the stormy seas of big-time politics, would know how important it is for voters to know just what kind of economy the members of the center-left bloc are going to build and what kind of country we may find ourselves in if they come to

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power? Is this a tactical ploy, or do they simply have nothing to say?

Only the Communists, the Agrarians, and Nikolay Ivanovich Ryzhkov's "Power to the People!" bloc are not ducking these ill-fated questions. They are clearly and precisely saying how Russia can be raised from its knees and what path should be followed. But the problem is that the voice of the people who really care about the country and know how to extricate it from the impasse is barely audible. What kind of resources do they have? They are more than modest. Whereas their many opponents are backed up by inexhaustible financial resources, the huge state apparatus, and virtually all the mass media, including practically unlimited television airtime. Yet there are the strict limits on the funding of the election campaign that were established recently! Who is complying with them? Maybe the aspirants to parliamentary seats from circles close to the present authorities? What do you think! In our country, laws apply to everybody except the occupants of high offices, and so at long last the Kuban people, under election attack from all quarters, are beginning to realize just who the people's real friends are and what is the real worth of loud promises.

Status of Oblast Gubernatorial Elections Considered

954F3249A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 23 Aug 95 p 2

[Commentary by Dmitriy Gorbachev: "Who Is the Most Important of Them All? Will the Deputies Give Novosibirsk Residents the Right To Directly Elect Their Own Governor?"]

[FBIS Translated Text] The oblast council of deputies will soon consider the law on gubernatorial elections in our oblast. VECHERNIY NOVOSIBIRSK has already reported on the draft law itself, and now we will go into some more detail on the controversy that has arisen around it.

According to Dmitriy Pushkin, member of the Regional Center for the Support of Russian Statehood and the draft law's author, the legal basis of the document is as follows: The main principles of organizing the authority in Federation components are set forth in keeping with the Constitution by a federal law. It was approved by the State Duma but not passed by the Federation Council. One of the main reasons was that the draft law envisaged elections of the head of administration either by the entire population of a particular Federation component or by the latter's legislative assembly. The Federation Council found the bias toward legislative assemblies too significant, since, according to the Constitution, Russia is after all a presidential republic, and not the old "country of soviets."

In any case, in the absence of a relevant law, the Constitution prevails, which gives all citizens of the country the right to elect the authorities, and the oblast council's duty is to adopt the oblast charter, which is supposed to set the principles of organizing state authority. Such charters already have been adopted or considered in the first or second reading in many regions of the country. Novosibirsk deputies, however, are not in a hurry in this respect and perhaps will begin considering the charter within the next few days.

Meanwhile, direct gubernatorial elections are necessary: Popular support will let the executive authority manage the oblast and deal with the tasks it is facing it more effectively. On the other hand, in order to fully protect the interests of oblast residents, the governor must be assured that his activities will not be affected by clashes taking place in the capital. In order to function normally, he must know that a change of president will not bring about his own replacement.

In the United States, which is frequently cited here as a standard of democracy, governors are elected by states' residents regardless of which administration sits in Washington. Only direct elections will make the head of administration answerable directly to oblast residents.

The idea of gubernatorial elections was not unexpected—Ivan Indinok has spoken many times in favor of direct elections, and for that reason spearheaded the work on the draft law on gubernatorial elections. Candidates for the job already have announced themselves: Aleksey Manannikov and Anatoliy Manokhin. In the estimate of the Regional Center for the Support of Russian Statehood, there will be a total of eight to 15 candidates.

A number of objections against the draft have also been voiced, as well as disagreement with some of its points. For instance, Aleksey Manannikov, who always advocated gubernatorial elections and many times indicated his intention to run for this post, disagrees with the two-month limitation of the election campaign and is unhappy with the percentage minimum that a candidate needs to be elected.

Some do not like it that in the second round of voting, the 25-percent voter turnout is not mandatory. This was done because experience shows that usually about 10 percent of the electorate take part in the second round, which is already not too bad, and besides, this deprives the losers of the ability to join forces and boycott the elections.

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Also strange is the argument that the governor can find out in a matter of three days the sources of his competitors' finances during the election campaign. This knowledge will be restricted to the oblast electoral commission, which in its actions is independent of the administration and whose members cannot be recalled by the oblast authorities. As to publishing reports on the sources of financing in the press, a person whose hands are clean does not have anything to hide.

The second set of objections was voiced by oblast council deputy Viktor Kuznetsov. He objects to the fact that the law does not envisage a mechanism for recalling the governor and does not define his powers. But the idea of recalling the governor is quite strange in itself and does not have precedents. Only in the USSR there was a law on deputy recall, which was never put to work anyway. Nothing keeps the deputies from adopting the oblast charter envisaging removing the governor from the office through a mechanism similar to that of impeachment of the president. As to gubernatorial powers, the law could not define them anyway—it only deals with the methods of electing him, while the powers of the head of executive authority are defined by the federal law, presidential edicts, and the still-not-adopted oblast charter.

There is also an opinion that the governor should be elected by oblast soviet deputies. Such practice is formalized in program documents of only two organizations: the KPRF [Communist Party of the Russian Federation] and the RKRP [Russian Communist Workers Party], and of 40 deputies, only three are communists. Neither was anything said about the idea of a referendum through which oblast residents would delegate to deputies the right to decide for them such an important matter. There are no precedents in the world of legislative assemblies electing regional leaders. Neither does it follow in any measure from the national Constitution. Russia is a presidential republic, and the time for collective decisions in the bodies of executive authority is past—today they are based on individual authority. Sociological surveys also indicate that oblast residents support direct gubernatorial elections.

Therefore, it looks all the stranger that the oblast council was in no hurry to consider the draft. Ivan Indinok proposed as early as 22 May that deputies give priority consideration to the draft law. At the 28 July session it was decided to consider it on 24 August—not too speedy a response. But later oblast council chairman Anatoliy Sychev signed a calendar of events regarding the work on oblast draft laws.

In this calendar, the discussion of the law on gubernatorial elections already is set for 28 September, which means that the adoption may take place even later. This apparently reveals the emerging confrontation between the oblast's executive and legislative authorities. It has its history.

The first stage took place last fall, when during the debates on local self-government the oblast council attempted to resurrect rayon councils in Novosibirsk. Then came June, when the discussion of industry problem apparently "accidentally" coincided in time with State Duma attempts to send the government packing; and now the third stage began.

At the same time, the oblast council's task is to adopt laws and not at all to oversee the executive authorities. If the draft is adopted before 20 September, the gubernatorial elections quite possibly can be held as early as in December, simultaneously with elections to the State Duma, which will save enormous amounts of money and will put everything in its place. Otherwise, elections will be postponed for an indefinite time. And we have to keep in mind the fact that elections of legislative assemblies and bodies of local self-government in the oblasts may be postponed by a presidential decree from March to 12 June of next year—to coincide with presidential elections. In this case, it will be quite a while before oblast residents get the opportunity to express their will with respect to whom they want to see as their governor.

One can only hope that common sense will prevail among the deputies, who are in a position to quickly codify into law the oblast residents' right to free direct elections of the head of executive authority.

Navy Town To Pursue 'Constant' Recruitment Work

MM3008131195 Moscow KRASNAYA ZVEZDA in Russian 29 Aug 95 p 2

[Report by Sergey Vasilyev of the Northern Fleet: "Administration Enlists Volunteers"]

[FBIS Translated Text] Severomorsk — Vitaliy Voloshin, head of the Severomorsk administration, has signed a decree "On the Organization of the Selection and Dispatch of Citizens into the Russian Federation Armed Forces on Voluntary Contract Service." The decree instructs the city's administrative, cultural-educational, and medical establishments to carry out "recruitment" work on a constant, systematic basis.

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Urals Nuclear Production: 'Environmental Timebomb'

MM3108094095 Moscow IZVESTIYA in Russian 30 Aug 95 p 2

[Article by Boris Konovalov: "Urals Atomic Bombs Now Threaten Russia, Not United States"]

[FBIS Translated Excerpt] [passage omitted] In 1955 on the initiative of K.I. Shchelkin we began building "Chelyabinsk-75," now the city of Snezhinsk. It was devised as a "standby" for "Arzamas-16" and developed very rapidly; the Russian Federal Nuclear Center of the All-Union Technical Physics Scientific Research Institute is in operation here now. In this center's museum I was shown atomic and thermonuclear warheads developed for all services and arms. They are indeed formidable weapons, but it must not be forgotten that it was thanks to them that the world survived for many decades juggling with the threat of nuclear retribution and that the Cold War did not become a "hot" war.

"We did not only develop bombs," I was told by B. Litvinov, corresponding member of the Russian Academy of Sciences and chief atomic weapon designer, "but also systems for peaceful nuclear explosions. Around 100 industrial nuclear explosions were carried out in the USSR. With their help we created reservoirs, laid canal channels, put out highly dangerous gas well fires, and produced deep underground storage facilities for gas condensate and chemical waste. We developed special 'clean' atomic weapons which did not produce long-lived radioactivity even from surface explosions. I still regret for instance that in the past, the unique Udokan copper field was not opened up by a nuclear explosion. All the preparations had been made but the politicians banned us from doing so. This would now take a huge amount of time and money. We could do a great deal now under international supervision if nuclear explosions were designed and organized competently."

Since 1987 the nuclear reactors that produced plutonium in the Urals have been shut down. But the nuclear arms race left the "Mayak" chemical combine — that is the current name of the nuclear complex in Ozersk — with the hardest legacy. In 1957 a container of highly active waste exploded there. The trace indicating a badly contaminated zone extended over several hundred kilometers. People, whole villages had to be evacuated to safe areas. But then no one learned of the Urals Chernobyl because of the veil of secrecy.

The small Lake Karachay, into which "dirty" radiochemical waste was poured, became highly hazardous. That waste is now being evaporated in a special furnace, vitrified, and stored in a supervised dump. But prior to this it was stockpiled in Lake Karachay. It is gradually being filled up, only one-third of the water remains, the rest of the area is now crisscrossed by dams from which dump trucks throw soil into the contaminated water day in day out. The lake will soon cease to exist, but the radioactive hazard is still lurking in other bodies of water.

Chemists' initial calculation that the small Techa River would be able to considerably dilute the water used to cool nuclear reactors proved incorrect. The radioactive substances were not taken off to the Arctic Ocean but were deposited nearby. In all, 20 villages had to be evacuated with a population of 8,000. A dam was built in the former spring-fed Lake Kyzyltash, but deep artificial channels were dug for fresh water to flow through to the Techa River and its right-hand tributary. Then another three artificial reservoirs were built. Their overall area is now around 80 square kilometers. That is more than all the reservoirs on the Moscow-Volga canal. Over 400,000 cubic meters of "contaminated" water have built up here and the level of the last reservoir is rising 20 cm per year as a result of rain and ground water. A "dirty" underground layer of water has formed under Lake Karachay, which is also spreading. If steps are not taken the legacy of our nuclear production will be an "environmental timebomb" for Russia.

The situation was predictable. But scientists imagined that like cures like. It was decided to the build the South Urals AES [nuclear electric power station] — three units with fast-neutron reactors — 10 km from the "Mayak" chemical combine's industrial site.

"We have already stockpiled 30 tonnes of plutonium from AES reprocessed fuel and from research reactors and ship reactors," "Mayak" Combine Director V. Fetisov said, "there is now a growing stream of weapons-grade plutonium, which we produced in the past. Fast-neutron reactors enable us to 'burn up' this plutonium rather than store it in dumps. We could obtain the cheap power that is now so scarce in Chelyabinsk Oblast and, most importantly, we could start to tackle our environmental problems. The startup of the first unit — because it heats water when cooling the reactor — would make it possible to increase the evaporation from the final contaminated reservoir and stabilize the level. Then engineering installations must be built to evaporate the open and underground waters, vitrify the dry residue, and put it into storage. If that is not done, by around the year 2005 the radiation situation in our region will be out of control...."

The government is perfectly well aware of all that, instructions have repeatedly been given, but funding of the South Urals AES construction has not been resumed. This summer, the Interdepartmental Commission for the

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Prevention and Elimination of Emergency Situations led by Minster S.K. Shoygu acknowledged the need to urgently resume the construction of the first phase of the AES. It is a rare occurrence, but the Russian Federation Ministry of Atomic Energy, the Chelyabinsk oblast administration, and the local duma are presenting a united front on this question. The federal authorities also seem to be "in favor," but right now they are only making promises, there has been no action and no money.

Money was found for the restoration of the Church of Christ the Savior in Moscow. But no money is being found to eliminate the timebomb planted in the Urals by our militarized past and our current disarmament although we do have the "Fuel and Energy" federal targeted program, which has ordained that priority be given to the construction of the South Urals AES. So, we will probably all be praying together in the new Church of Christ the Savior for God to help the Russian leadership to finally heed the warning of impending danger.

People are saying that now our missiles' nuclear warheads are not targeted against the enemy. But when they are decommissioned, they are taken back to "Mayak" and are now targeted against Russia. And, as we well know, dumps sometimes explode.

Economic Issues

Reportage, Commentary on Interbank Credit Situation

Yeltsin Blames Inexperience

LD3108085495 Moscow ITAR-TASS World Service in Russian 0756 GMT 31 Aug 95

[By Andrey Shtorkh; quotation marks as received]

[FBIS Translated Text] Moscow, 31 Aug — "The difficult situation in the banking sector over the last two weeks was brought about by the fact that many bankers have no" experience of work in the new conditions, although "the Central Bank, too, did not react promptly enough," Russian President Boris Yeltsin said at a meeting with the heads of a number of the country's commercial banks. "The government and the Central Bank intend to adhere firmly to a policy of bringing inflation down, and steps will be taken in order to avoid last year's mistakes," the head of the Russian state stressed.

Having described the problem of financial stabilization as a major one Yeltsin called on bankers to support the state in solving it.

Central Bank: No Grounds for Panic

954F3315A Moscow ARGUMENTY I FAKTY in Russian No. 35, Aug 95 p 2

["Central Bank Official Statement for ARGUMENTY I FAKTY"]

[FBIS Translated Text] Last week (on Thursday) a group of commercial banks encountered temporary financial difficulties, which resulted in a drop of the volume of operations in the interbank credit market. Some presented this situation as the beginning of a systemwide banking crisis.

One of the reasons for the emergence of the temporary difficulties was some banks' insufficiently considered credit policy. A number of banks used short-term resources to issue long-term loans, borrowing the necessary funds from the interbank market. In addition, a certain role was played by the fact that a number of banks had moved "from rubles into dollars" in anticipation of a sharp rise of the exchange rate, which created for these banks a liquidity problem in ruble operations. This hurt most the group of banks that actively operate in the interbank market.

In these circumstances, the Central Bank, acting strictly within the bounds of the current law and parameters of the monetary program, took a number of steps aimed at stabilizing the situation and improving the state of affairs in the interbank market. First, the Bank of Russia bought on Thursday and Friday of last week 1.6 trillion rubles [R] worth of GKO's [short-term government bonds] sold by commercial banks. Second, on Friday the Bank of Russia, in keeping with current rules, loaned the banks up to R300 billion for a period of up to seven days at refinancing rates. These measures generally stabilized the situation in the banking sector, and since Friday delays in payments were occurring only in those banks that had experienced such difficulties before.

Currently, the situation in the interbank market overall has stabilized and is beginning to pick up gradually. At the same time, it is well understood that it will take time to overcome the mistrust that has developed between banks. Banks will have to make a special effort to improve their credit and deposit policies. In May of this current year, the Bank of Russia's Acting Chairman Paramonova in her speech at the fifth congress of the Association of Russian Banks pointed out the need to improve the banks' credit policy and to correlate it with the macroeconomic situation.

Undoubtedly, oil was also poured on the flames by numerous "black lists" of unsafe banks—the lists themselves being of questionable origin. The Bank of Rus-

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sia's takes the view that such lists were merely a tool of dishonest competition.

There are no grounds for the population to panic. At the same time, the Bank of Russia reminds readers that when deciding where to place their savings, people should evaluate the risk of putting money in the banks offering high interest. They should use as a guide the interest rate set by the Savings Bank, which is backed up by state guarantees. It should be remembered that the higher the offered profit, the higher the risk of losing your savings.

From the editors: Unfortunately, the statement, on which the Central Bank staff worked all day, to a large extent repeats its earlier comments. We hope that in the interview Tatyana Paramonova promised to ARGUMENTY I FAKTY, she will disclose the true causes of the banking system's malaise. Perhaps this will, at least to some extent, compensate the readers for the inconvenience associated with the delay in publishing this issue caused by the Central Bank.

Problems Blamed on Financial Policy

954E1309A Moscow DELOVOY MIR in Russian 14-27 Aug 95 p 3

[Interview with Yakov Dubenetskiy, chairman of the board of the Promstroybank of Russia, by DELOVOY MIR commentator Moisey Gelman; place and date not given: "Myths About Investment"]

[FBIS Translated Text] "This is a depressing description of the problems in their hopelessness and an array of good wishes, hopes, and proposals. If you think about them, it becomes obvious that nothing good awaits us in the future economic development, since no sensible solutions in the area of investment are being proposed or may be expected." This is the way Yakov Dubenetskiy, chairman of the board of the Promstroybank of Russia, characterized the Russian Federation Government's concept of the investment policy for this and subsequent years in one of his articles. DELOVOY MIR commentator Moisey Gelman talks to him about investment problems.

[Gelman] In order for a farmer to grow a second and subsequent crops of grain, and increasingly larger at that, seed grain needs to be supplied (advanced) to him for the first sowing. On mutually profitable, not exorbitant terms. So that he could build his own, renewable seed stocks out of the profit. In your opinion, Yakov Nikolayevich, why is this obvious principle of reproduction being ignored by our reformers? What stands in the way of increased capital investment in the national economy today, and can these obstacles be removed?

[Dubenetskiy] In answer to your question—a model illustrating reproduction processes, I will tell you a joke that models precisely the situation that has developed in our country with respect to credit and investment.

A farmer decides to sow his crops, and goes to the bank to take out a loan. He only needs one ruble. The bank agrees to give him that ruble, on condition that in the fall he will repay two. That is, repay the loan with interest. But it demands collateral. Property collateral. And since the farmer has nothing that costs less than his ax, he leaves the bankers the ax. And after that they tell him: You know, it is hard to pay the entire loan in the fall. And they suggest that he may want to repay the one ruble right away. In advance. Against the future crop, that is, the profit. To make it easier for him. The farmer agrees to this too. So they strike a deal. He comes home and starts thinking: He has got no money, has lost the ax and the ruble, and on top of that now owes a ruble.

We can philosophize at length that our credit and financial policy is incorrect, that it is not aimed at reproduction. And many other things. It will all be correct. But where are the roots of this problem? I think they are in our inherited psychology, a characteristic trait of which is a dubious sense of social responsibility. We can even say that the majority of the country's population lacks this sense. Which manifests itself clearly in financial relations between creditors and borrowers. How much money, for instance, has been invested without any return to agriculture? The debts were written off every time. Therefore, the banks, knowing the psychology of our current farmers, who have forgotten how to be their own masters, treat them with apprehension and are not in a hurry to issue credit. Abroad, they have a different sense of responsibility. If someone in the West takes out a loan, he will drive himself, bend over backwards, but repay it. Otherwise, he will go bankrupt and his property will end up in more competent hands. And everybody there knows it. Because it is instilled in them by their upbringing, legal environment, and many other things. Such are their life principles.

Here, on the other hand, the prevalent mass psychology is that of dependency, of a freeloader who on top of that demands social excesses. Very regretfully, the previous regime instilled in many of our citizens an aversion to work. A considerable role in that was played by the leveling in labor remuneration; ineffective economic management, including squandering of resources; producing goods nobody needed, and so on. Today, a different life has seemingly begun. Nevertheless, the attitude toward labor changes slowly. Unfortunately, the motivation for this at many enterprises has not improved, but actually worsened. Who wants to work when people are not paid

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wages for months? In this environment, many are eager to get loans, knowing in advance that they will not repay them. The bankers are aware of this too, and naturally, treat such potential borrowers with apprehension.

Thus, along with the imperfect or even lacking credit and financial policy in the country, the factor that hampers even the kind of investment that could be possible today is the society's social psychology. It may take more than one generation of our compatriots to change it.

In order to get the system out of its former state, a prolonged forcible impulse is needed. By the beginning of perestroyka, our country had accumulated a dead-weight capital equivalent to a three-year effort of our entire society. Considerable funds were needed for its utilization and reanimation. No timely effort was made, however, to obtain the resources. It is no secret that investment in production has continuously declined since 1985. Now there is not even enough for simple reproduction.

It is quite obvious by now that we cannot restore our old production potential even within the next decade. Therefore, what is needed is careful selection of priority directions, financial aid to enterprises that want to produce and are capable of producing competitive products. It it all right if they manufacture products below world standards. We need to finally begin to provide for our own vital needs. And for this, we need credit injections through different financing mechanisms: in the form of credit lines, against actual costs, against actual outcome.... The aforementioned farmer could be given a loan against his future crop. But what can he surrender as collateral these days?

[Gelman] Such a psychology of partnership and social responsibility must be nurtured by a proper state policy protecting the interests of each side.

[Dubenetskiy] Yes, this requires that their mutual contract responsibility be legally formalized. Then the aforementioned farmer, having signed a loan contract, will feel his responsibility for the obligations he has taken. And he will work toward fulfilling them. Otherwise, he will go bankrupt. Actually, in the remote past, this is the way farmers lived, working from dawn to dusk. Without counting on master or czar.

[Gelman] But where would the money come from? And how can loans be given to enterprises that already owe considerable amounts?

[Dubenetskiy] Since our country does not possess large-scale investment resources, the main source of obtaining them is a targeted credit emission. At the same time, money should be provided only for projects that promise an assured good return and keep a tight lid on expenses. Which is possible when targeted credit lines are used for investment.

Another source of investment resources are the population's savings. It has accumulated billions of dollars. This money should be attracted into production for mutual profit.

Money is mostly deposited into time accounts for up to six months. Rarely for a year. Serious investment projects, however, require several years and "long" rubles. Banks have very limited funds of this kind. The solution is to consolidate the funds of different owners. Necessarily, with the participation of the stat, which would serve as a certain guarantee for private investment, for instance. Because state money would represent risk insurance.

Then consolidated financial resources could be directed into several production chains in such production sectors that would ensure accumulation of both fixed and working capital in the greater part of the economy. one such chain is in the sphere of manufacturing means of transportation and communication. At the same time, a huge number of people get involved in production, their solvent demand grows. Which will permit reanimation of the light and food-processing industry. This will boost and expand the demand for socially and consumption significant categories of products and services. It is estimated that about $20 billion are privately held by individuals. This money is sitting under the mattress. If we attract even $5 billion, this could finance several major projects.

One of them is to get going production of a new generation of airplanes; this will boost metallurgy, machine-tool building, machine building, manufacture of new materials, electronics, instrument-making, radio-electronics, and the service sphere. People engaged in this project will earn the means both to pay for flying and to purchase the goods they need. Consequently, a considerable part of the domestic economy will begin to recover.

A huge potential for creating such chains for producing the output in demand is hidden in defense industries.

When individuals' money is being attracted into investment, it is important to ensure investment security. And to get potential investors to believe in it. Which is a difficult task for commercial banks today, because millions of people have been deceived by crooks.

Trade capital also needs to be attracted into investment.

The introduction of settlement of accounts through clearing, in combination with credit lines, permits the

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ensuring of anticipatory growth of the goods supply compared to the money supply. After all, labor accounts for no more than 20 percent of the production cost. Therefore, increased consumer demand for each ruble [R] will generate a R4 increase in goods supply. In addition, due to strict control in clearing payments, repayment of credit is guaranteed. At the same time, there is no hint of growing inflation or its expectation.

But undertaking such credit emission requires a change in the psychology of the persons currently in charge of the national credit and financial policy. For this, we need to move away from a dogmatic interpretation of monetarism. Unfortunately, the country at this point has not worked out a proper credit and financial policy aimed at even simple, let alone expanded, reproduction. The greater share of means of payments are separated from the production sphere and exchange of goods, which constitutes one of the causes of the current economic crisis. Today it is more lucrative to sell and buy money than to invest it in industry. At the same time, investment shrinks because of inflation: Prices rise, money emission is restrained, while the money supply shrinks. In addition, the Central Bank has increased the mandated reserve requirements for commercial banks, which imposes an in-kind tax on the banks. And since many enterprises are on the verge of bankruptcy, the banks do not want to risk investing in them.

[Gelman] Quite obviously, normal credit-financial relations that are common all over the world need to be reinforced by relevant laws regulating the behavior and mutual responsibility of creditors and borrowers?

[Dubenetskiy] The best economic measure of responsibility is the prospect of bankruptcy, ruin, and hunger. Abroad, this measure is codified in the law. And it is accepted by the overwhelming majority of the people. For the reason of a respectful attitude toward one's own and others' capital, which is inviolable. In our country, on the other hand, people were raised with a slave attitude both to labor and capital, based on noneconomic categories. Today, when different social relations are promoted, which rest on different kinds of ownership, credit-financial and economic contract partnership unfortunately is being built on the old psychological and philosophical basis. Therefore, even the existence of a proper legal environment will not change the entrenched psychology any time soon.

The legal environment facilitates its change, of course. But compliance with the law is based to a greater extent not on fear of future punishment, but a conscious awareness of the need to comply.

[Gelman] If we take as a basis such philosophical generalization of the foundation of contract financial-credit relations, the question arises: In the absence of a relevant state policy, what is Promstroybank guided by in its investment policy?

[Dubenetskiy] First—security and the guarantees that credit will be repaid. We carefully evaluate investment projects. Money is invested mainly in production of microprocessors for calculators, which are exported in quantities of millions, as well as manufacture of new airplanes and metallurgy. As of the beginning of the year, the bank's total capital amounted to R310 billion. Therefore, when we invest, we consolidate our resources with other banks. This also increases security. Last year we issued approximately R200 billion in investment loans. In addition, our bank is authorized to handle conversion loans, for which we take only a 3 percent commission. We do not hold conversion loans and do not put them to work first for our enrichment. The main obstacle to increasing investment is the lack of "long" rubles.

[Gelman] Huge investment is needed today in industry, where the concentration of capital is extremely high. Meanwhile, domestic financial capital is scattered. And this is obviously one of the causes of the small scale of investment in production. Why not create banking corporations to handle large-scale investment, which would take upon themselves all services needed by potential borrowers in order to finance their projects?

[Dubenetskiy] For this, banks need to first of all agree on arrangements and mechanisms of such financing that would be acceptable for all participants. Including with the participation of the state. Obviously, one such arrangement may be targeted credit lines involving strict control over expenditures and strict terms for capitalization and repayment of funds.

The Ministry of Economics is currently conducting investment bidding, splitting a little more than R1 trillion between numerous relatively small projects. But this money would be better used if it were consolidated in credit lines with private capital.

[Gelman] Which apparently could be used with great effect as credit insurance? By its willingness to insure investors' risk, the government would demonstrate its interest in large-scale investment.

[Dubenetskiy] Such insurance would indeed build confidence in potential borrowers among both Russian and foreign investors. The same R1 trillion-plus the Ministry of Economics is currently putting up for bidding could attract R10-15 trillion in credit, or an equivalent

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amount in foreign currency, had it been used as an insurance fund. We, together with a group of banks, have already made such a proposal to the government. But so far we have not been heard—perhaps they do not understand the principles of such credit policy over there.

Going back to the question of creating a banking corporation, I would like to identify problems that will have to be solved in the process. It will be necessary to organize production supported by consumer demand, which in turn needs to be generated—among other things, by advertising—and create conditions for its solvency, revive economic ties between goods producers, and consolidate targeted credit resources scattered all over the country.

Only a monetary infusion will reanimate domestic goods production. For this, what is needed is not only external capital, but also enterprises' own internal working capital. But enterprises will only be able to restore their own working capital under a different policy—not only credit but also tax policy—than the ones currently in effect.

Investment projects with good return can survive even a 100- percent annual interest rate. Last year we issued about 20 percent of the investment loans (of our total volume of loans) on these terms. True, in 1993 their share was greater—30 percent. But even this last year's share is several times greater than the share of investment in the total volume of bank loans across the country.

Investment in industrial production keeps declining. As compared to 1990, it has shrunk approximately fivefold. Although official statistics maintain that it will only shrink by 49 percent. But this, of course, would hold true only if we count loans on construction of expensive suburban residences as investment.

The country has found itself on the verge of catastrophe. The government's effort to first and foremost reduce the rate of inflation by shrinking the money supply as compared to goods supply is only leading to reduced reproduction and economic ruin.

[Gelman] But the rate of change in the dead body's temperature is zero anyway.

[Dubenetskiy] Reducing the rate of inflation is leading in the same direction: Demand keeps shrinking, and therefore prices rise more slowly. But in the process, an increasingly great number of consumers and producers are locked out of the market. In other words, bringing inflation down this way is an illusion, because the only way to defeat it by taking this path is at the cost of ruining the economy. Processes that are taking place in it now already threaten to become irreversible. Besides, remember—we were promised an inflation rate this year of 2 percent a month. But we are already in the second half-year, and inflation has not dropped even once below the 7 percent mark.

The solution is only in a cardinal change of the investment policy. A suppression of inflation cannot be set off against a growth of goods production, and the latter is impossible without a financial infusion.

We talked about the scattered Russian financial capital. At the same time, domestic industrial capital remains highly concentrated. This is dictated by modern technologies. Therefore, if we want to have modern industry, whose enterprises objectively need large investment, we should, the same way they do in the West, consolidate the financial resources and concentrate them in a smaller number of banks than they are today, or in interbank associations.

But concentration of banking capital, and the one that would attract trade capital as well, is hardly possible without an appropriate state policy. Because banks themselves—even relatively large ones such as ours—need credit resources that would meet the needs of major production entities, For instance, the Magnitogorsk metallurgical combine. Even back in 1989, it needed several hundreds of millions of rubles in "those" prices for reconstruction.

The Security banking group, of which Promstroybank is a part, sent to the government its outline of the credit-financial policy the country needs, as well as proposals on cooperation. In particular, regarding consolidation of credit resources.

Perhaps the government is not taking us seriously, which would explain why we did not get any reply or indication of reaction.

[Gelman] Your proposal is not the first one being suppressed in the government by persons in charge of the economic situation in the country. Our newspaper recently (see DELOVOY MIR daily edition, No. 140) published a letter by Academician Nikolay Petrakov: The analytical memorandum written by the scientific task force he heads (which was created at the direction of Viktor Chernomyrdin) on ways to liquidate nonpayments has been shelved in the government since the beginning of the year. Or perhaps you and I are overdramatizing the situation somewhat, and we do not know something that they know "up there?"

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'Looming Banking Crisis' Forecast

LD3008210795 Moscow ITAR-TASS in English 2055 GMT 30 Aug 95

[By Vladimir Zadera]

[FBIS Transcribed Text] MOSCOW, August 31 (ITAR-TASS) — The suspension of their operations on the inter-bank loans market by Russian commercial banks last week may indicate a looming banking crisis of bigger proportions, a Russian expert said.

Sergey Aleksashenko, director of the Institute of Experts of the Russian Union of Industrialists and Entrepreneurs, said at a press conference at the Russian-American Press Centre in Moscow on Wednesday that there is a crisis of confidence among the banks and so far there is no reason to talk about any real financial disaster.

At the same time, last week showed that the Russian banking system is a "colossus on clay legs" because it has no stabilising mechanisms, such as bank insurance, mortgage, etc.

Commercial banks which emerged and developed in conditions of galloping inflation and risky, but highly profitable, transactions turned out to be unprepared for the latest macroeconomic changes, including declining inflation and stabilising rouble.

Aleksashenko believes that one of the causes of the crisis is the lack of trustworthy banking information. Neither the public, nor specialists know the real financial status of commercial banks, he said.

Double accounting, lack of proper control on the part of the Central Bank over the activity of commercial banks and their failure to disclose information about their status are the factors which make it impossible to assess the risks facing the banks, Aleksashenko said.

These factors also make it extremely difficult to determine which banks have been affected by the crisis and to what extent, as well as its possible consequences for the banking system and the economy in general, he said.

Decision To Prolong Exchange Rate Band 'Hasty'

MM3008134995 Moscow IZVESTIYA (Financial Section) in Russian 29 Aug 95 pp 1, 2

[Article by Yevgeniy Vasilchuk: "Exchange Rate Band Could Be Trap for Economy"]

[FBIS Translated Text] The decision by the government and the Bank of Russia to extend until the end of 1995 the exchange-rate band within its former framework without lowering the refinancing rate or easing reserve policy seems hasty. It is not in line with macroeconomic trends and makes it impossible for whole sectors of the national economy to function.

According to a State Committee for Statistics [Goskomstat] trailer report, in the period between 15 and 21 August the consumer price index stood at 101.2 percent. Inflation in August has been stable — in the first two weeks of the month consumer price growth was 1.2 and 1.1 percent respectively.

The end of August is usually a "hot" time on the consumer market, so a short-term price surge is likely. The doubling of price growth for nonfood goods — mainly clothing, fabrics, footwear, and tobacco (that is, those commodity groups where imports make up a sizable proportion of the market) — is a warning. Nonetheless, Goskomstat specialists are so far predicting that August inflation will be 4.6 percent.

In September the inflation situation is unlikely to deteriorate substantially. Throughout the summer months transport tariffs and industrial price indexes for acquired resources and finished products fell more intensively than prices in the consumer market. The substantial reduction in the gap between them shows a weakening of vendors' inflationary potential.

Inflationary expectations remain restrained. The rate of monetary circulation in the second quarter increased insignificantly — to nine times compared with 8.8 times in the first quarter (although in certain months this indicator hit 11-12 times owing to volatile GDP and money-supply dynamics). According to preliminary estimates, in July-August the rate of monetary circulation had begun to slow and currently stands at an annualized rate of 8.5 times.

It should, however, be noted that another indicator typical of inflationary expectations — the proportion of the population's spending on buying foreign exchange — increased to 14.1 percent in July (as opposed to 9.7 percent in May and 9.8 percent in June). In February-April, when the dollar was confidently pushed up by the Central Bank, the population spent a similar amount — 14.8 percent — on purchases of foreign currency. This looks rather strange given the introduction of the exchange-rate band and the virtual "freezing" of the foreign-exchange market.

Nonetheless, the stabilization of the real economy and the cooling off of the consumer market can be seen as the predominant trends during the summer months and, probably, during the first two- thirds of 1995. According to Goskomstat figures, in January-July industrial production was down by just 3 percent on January-July 1994, whereas last year saw a 24 percent drop. During the same period of 1994 total retail sales

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were 100.5 percent of the 1993 level. This year they were 8 percent down on the previous year.

Even more decisive has been the breakthrough in the dynamics of the population's real disposable income — last year it grew by 12 percent in the January-July period, this year it was down by 8 percent.

In connection with the notable easing of cost-push inflation and inflationary expectations, and with the growth in demand restrictions, the early autumn period may be considered relatively quiet. The 50 percent expansion in the monetary base in the second quarter came about mainly as a result of the reserve component — bank funds subject to compulsory deposit at the Central Bank — and will have no major impact on inflation. It is probably only in the fourth quarter that seasonal factors could come into play, budget expenditure will grow, the government's already announced 54 percent indexation of budget-sector workers' wages will have an impact, and so forth.

This seasonal boost to inflation is entirely natural and should not be feared. Moreover, the main guidelines of credit and monetary policy needed the proper operational amendments. We had to find sources of funding for an acceptable level of budget expenditure — mainly social and investment spending — and to use incentives for the restructuring of the economy and the integration of financial and productive capital.

Those are the kinds of decisions that the financial markets and the economy as a whole are expecting from the government and the Bank of Russia.

Instead, the authorities have suddenly extended the exchange-rate band within its previous limits after hinting that they would be increased. This has finally destroyed the market's lingering hopes of any sensible or at least predictable state economic policy in Russia.

Regulator Cited on Share Investment Funds

MM3108082495 Moscow ROSSIYSKIYE VESTI in Russian 30 Aug 95 pp 1, 2

[Interview with Dmitriy Vasilyev, executive director of the Russian Federation Government Federal Commission on Securities and the Stock Market, by Sergey Vadimov; place and date not given: "State Protects Russians From Crooked Companies" — first two paragraphs are ROSSIYSKIYE VESTI introduction]

[FBIS Translated Text] A peculiarity of present-day Russian reality is that existing legislation makes it possible to violate the rights of shareholders and investors without contravening the law especially seriously. A graphic illustration is the cynicism with which the leaders of financial companies treat their investors in ignoring the payments promised to them. This situation is a blow to the prestige of joint-stock ownership in Russia and violates the interests of ordinary shareholders, especially small shareholders. The law "On Joint-Stock Companies" is lost in the corridors of the Duma, and all the indications are that it will not be adopted by the present parliament.

Therefore the executive decided to act autonomously. The Russian Federation president signed edicts "On Additional Measures To Enhance the Effectiveness of the Russian Federation's Investment Policy" and "On Additional Measures To Safeguard Shareholders' Rights" devoted to just one purpose — strengthening the legal protection of shareholders and investors. We asked Dmitriy Vasilyev, executive director of the Russian Federation Government Federal Commission on Securities and the Stock Market, to comment on the most important provisions of the edicts.

[Vasilyev] Unfortunately it was necessary to begin the edict devoted to shareholders' rights with the truism that a shareholder's right to take part in a general meeting cannot be restricted by the board of directors, by the general meeting itself, or by other organs or persons. This fact indicates more clearly than anything both the primitive nature of our stock market and the similar level of Russian legal awareness. After all, the president is having yet again to play the role of author of an elementary school textbook on corporate relations. He has had to prescribe in legislation things that are already self-evident but that often prompt questions in Russian practice.

The "Achilles' heel" of corporate relations is shareholders' total lack of information. Thus, for instance, there was not a peep out of the "Mospromstroymaterialy" joint-stock company for two years after check privatization was carried out and it did not inform shareholders even of the date of annual meetings. The joint owners were remembered only when the joint-stock company's board of directors decided to purchase shareholders' securities from them. There are innumerable similar examples. The edict now puts an end to this pernicious tactic. The shareholder's right to information is transformed from rhetoric to a formidable juridical act.

The edict at long last resolves the problem of restricted access to the register of shareholders and clearly stipulates that shareholders with 1 percent of the shares have access to the register. This is an important norm from the viewpoint of the struggle for a controlling share. It makes it possible to create coalitions of shareholders and thereby to step up pressure on managers to ensure efficient work by the enterprise.

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However, the most revolutionary norm in the edict is the shareholder's demand for redemption of his shares if he disagrees with the policy pursued by the board of directors. After all, hitherto if a shareholder, for instance, suffered losses in the event of an increase in a joint-stock company's incorporation capital, he was left to face his problems alone. Of course, the edict merely defines the right of a joint-stock company to redeem ordinary shareholders' securities. The federal commission has yet to elaborate a specific mechanism for this process.

[Vadimov] Our readers are also interested in the share investment funds whose establishment is determined by the edict "On Additional Measures To Enhance the Effectiveness of the Russian Federation's Investment Policy." The advantages of share investment funds have already been described in sufficient detail. They include the liquidity of the assets — an investor can return his share at any time — and the lower income tax on gains, since share investment funds are not legal entities. The only worry is this — how secure are share investment funds? After all, a couple of scandals might deter Russians forever from any investment of their money....

[Vasilyev] Certainly to promise a return of 500 percent per year is to deliberately mislead your fellow citizens. Nobody is going to allow a share investment fund to declare willfully unrealistic interest rates.

You have to understand that the shared fund is like the old Russian artel, which gathered together the spare money of anyone who wanted this. We are not professionals, of course. So we entrust the professional managers of a company with a license to engage in this activity with looking after our money.

Each of us will be able to choose a share investment fund that is to our taste, since some of them will make riskier investments and some will make safer ones. The fund will be as open as possible to investors, since the contract with investors is based on the investment declaration of the issue of shares, which states in advance what purposes the money will be used for. And the management company is not entitled to deviate from the declaration. So the protection of ownership rights is defined on a clear contractual basis.

[Vadimov] Dmitriy Valeryevich, whereabouts do you think share investment funds come in terms of the security of the financial institutions attracting funds from Russians?

[Vasilyev] Share investment funds could come in this list between banks and investment companies, and closer to bank structures. They are inferior to banks in terms of security since they do not create reserve accounts. But, on the other hand, banks engage in a very risky activity — providing credit. Share investment funds are forbidden to do this. In terms of the profitability of investments, investment funds have the edge since the interest rates on bank deposits will probably be lower than share investment funds are able to offer. There can be only one reason for a crisis in the development of share funds — an overall crisis in the Russian stock market — and this is unlikely, in my view.

[Vadimov] How long is the road from the signing of the president's edict to the creation of the first share funds in Russia? How should we view the financial structures, in particular the "First Voucher Bank and Company" mutual fund, that are already giving quotations for the purchase and sale of shares in themselves?

[Vasilyev] I must state with the utmost responsibility that not a single share investment fund has yet been created in Russia. As for the company you mention, I would note: Any enterprise can call itself what it likes. The most important thing is to investigate the nature of their promises. And since the Federal Commission has not issued a single license for this form of activity in the financial market, you decide for yourself whether it is worth investing in this "mutual fund."

To implement the Russian Federation presidential edict, our federal commission has to elaborate 14 documents regulating the activities of share investment funds. Work on them is nearing completion. And over the next two months we will learn at last of the birth of the first funds. Many companies and banks are already saying they want to set up share investment funds or become them. They include a number of check investment funds. The door is also open for those financial structures which for a number of reasons have ceased paying money to the population. If they really want to work honestly, the president's edict gives them the opportunity to do so. But if they choose not to undergo reorganization, the federal commission will take measures to proclaim the procedure of the bankruptcy of crooked firms.

In short, the Russian Federation president's recent edicts have brought shareholder relations in Russia closer to world standards. These moves are very timely. After all, the legislators' tardiness in adopting the law on joint-stock companies and a number of other documents is having an adverse effect on the development of a civilized securities market.

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'Fundamental Changes' to Local Finances Announced

MM2908151795 Moscow IZVESTIYA (Financial Section) in Russian 29 Aug 95 p 3

[PRAYM report: "Interbudgetary Relations Seriously Changing"]

[FBIS Translated Text] As of next year fundamental changes will be made to the sphere of interbudgetary relations, Deputy Finance Minister Vladimir Petrov has reported. In particular, stable normatives are being set for three years for deductions to local budgets from total federal taxes — 22 percent for the profits tax, 25 percent for value-added tax, 90 percent for individual income tax, 50 percent for excise duty on spirits, and 100 percent for excise duties on other goods. These funds, according to V. Petrov, will allow regions to develop and implement medium-term development projects. Moreover, he said, funds payable to the regions from the federal budget will be remitted directly to local budgets at local level, rather than via Moscow, as was the case previously. This measure will make it possible to eliminate the lag in remitting funds to local budgets — which currently stands at 25-30 days. According to Vladimir Petrov, the changes in the interbudgetary sphere will make it possible to reduce the number of subsidized regions next year from 78 to approximately 40.

Five Million Hectares Perish in Drought

MM3108093595 Moscow SELSKAYA ZHIZN in Russian 31 Aug 95 p 1

[Report from "Day-to-Day Chronicle" feature based on ITAR-TASS reports: "Because of Protracted Drought"]

[FBIS Translated Text] Around 5 million hectares of grain and pulse crops have died on Russian Federation farms because of the protracted drought. This summer's unfavorable weather conditions caused the loss of 770,000 hectares in the Non-Chernozem Zone, around 470,000 hectares in the Volga-Vyatka Region, around 1,950,000 hectares in the Volga Region and Kalmykia, and over 1,400 [as published] hectares in the Urals Region. Those figures were cited by Ivan Gridasov, chief of the Russian Federation Ministry of Agriculture and Food Main Crop Production Administration.

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International Affairs

Foreign Ministry Condemns Shelling of Sarajevo

LD3008131995 Moscow INTERFAX in English 1213 GMT 30 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, August 30 (Interfax-Ukraine) — Ukraine's Foreign Ministry has issued a statement expressing concern over the report on artillery and mortar fire opened on Sarajevo, which resulted in numerous casualties among peaceful civilians.

The statement, whose text was sent to Interfax-Ukraine on Wednesday, notes that this "shelling jeopardizes the positive trends which have recently manifested themselves on the way towards a peaceful settlement in former Yugoslavia."

The statement emphasizes that the "international community shall take resolute measures against the culprits of this crime."

Ukraine condemns such actions, says the statement by the Ukrainian Foreign Ministry, and appeals to all the warring sides with a call for displaying political wisdom and restraint and immediately sit down to the table of peaceful negotiations.

"Ukraine will further contribute towards a search for a reconciliation formula that would be acceptable to all the sides in the conflict," the statement points out.

Khandogy: NATO Strikes Against Serbs 'Last Resort'

LD3008211395 Moscow INTERFAX in English 1930 GMT 30 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, Aug 30 (INTERFAX-UKRAINE) — Ukraine believes that the use of NATO aviation against Bosnian Serbs who recently shelled the Bosnian capital of Sarajevo should be "the last resort aimed at making shelling of civilians impossible," Ukrainian Deputy Foreign Minister Vladimir Khandogy said in an exclusive interview with Interfax-Ukraine Wednesday evening.

However, the NATO air strike "may pose a potential threat to the peace process," he said.

"We must see how Bosnian Serbs will react to it," said Khandogy. He noted that "in principle, Ukraine believes problems in former Yugoslavia cannot be solved by strength of arms."

Khandogy expressed concern over the developments in Bosnia-Herzegovina and called on the conflicting sides to "search for possibilities to hold talks, to find a mutually acceptable peace formula."

Kuchma Proposes New Balkan Peace Initiative

LD3108105095 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 31 Aug 95

[FBIS Translated Text] Ukrainian President Leonid Kuchma has put forward a new peace initiative on regulating the conflict on the territory of the former Yugoslavia. Ukraine has proposed to promote the search for a peace formula on regulating the conflict in the Balkans and expressed its readiness to offer intermediary services for a resumption of the peace process. The Ukrainian state is guided exclusively by the interest and desire to restore peace in the Balkans and the development of all-around mutually favorable relations with all the states of the former Yugoslavia. In personal letters to Serbian President Slobodan Milosevic, Croatian President Franjo Tudjman, and President Alija Izetbegovic of Bosnia-Herzegovina, Kuchma proposed a meeting in Kiev between all interested parties in order to hold peace talks. Tudjman has agreed to visit Kiev for talks. The reaction from the Serb side was also positive. Izetbegovic's reply is expected soon.

In addition the Ukrainian president has put forward a number of proposals aimed at widening the circle of participants in the peace process to including those countries that have sent their servicemen to take part in peacekeeping operations in the former Yugoslavia. This was reported today by the press service of the Ukrainian president.

Kuchma Issues Military, Political Decree on Uzbekistan

WS3008134695 Kiev INTELNEWS in English 0007 GMT 30 Aug 95

[FBIS Transcribed Text] Kiev, Aug. 30 — President Leonid Kuchma on Monday [28 August] instructed the Cabinet of Ministers to develop draft declarations between Ukraine and Uzbekistan on military and political cooperation as well as agreement on military equipment supplies and bilateral consulate relations.

Kuchma also ordered the government to draw up draft agreements on Ukrainian-Uzbek cooperation in the pharmaceutical industry, on prevention of dual citizenship and on creation of an intergovernmental trade, economic and technical cooperation committee.

The resolution charged the Migration, Ethnicity and Religion Ministry to submit proposals on the repatriation of Crimean Tatars from Uzbekistan to Ukraine.

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The National Academy of Sciences and the Education Ministry are committed to provide training for Uzbek specialists in Ukrainian educational institutions, according to the decree.

The Finance Ministry and the National Bank of Ukraine in conjunction with interested Uzbek organizations will clear arrears in payments between the countries, the decree stipulates.

The State Customs Committee is made responsible for simplification of the customs procedure while the UkrResursy state joint-stock company is ordered to provide supplies envisaged by bilateral treaties.

Kiev Asked To Take Part in Talks on Moldova

LD3008182895 Kiev UNIAN in Ukrainian 1205 GMT 30 Aug 95

[FBIS Translated Text] Kiev — High level talks are to take place on 13 September between the leaders of Moldova and the Dniester Republic, Mircea Snegur and Igor Smirnov, on regulating the conflict in the Dniester Republic. Ukraine's representative has been invited as an intermediary, Volodymyr Furkalo, the head of the presidential administration's Foreign Policy Directorate, told UNIAN on 30 August.

Leonid Kuchma will soon sign a respective decree on appointing a Ukrainian representative at the talks on regulating the conflict in the Dniester Republic.

According to some sources, Volodymyr Furkalo is to be appointed as the Ukrainian representative at the talks. In reply to a question from UNIAN, Furkalo said that the issue of his appointment had not yet been decided.

Turkmenistan Suggests Alternative Gas Debt Payment

LD2908122995 Moscow ITAR-TASS in English 1137 GMT 29 Aug 95

[FBIS Transcribed Text] KIEV, August 29 (Itar-Tass) — The Turkmen Ministry of Oil and Gas suggested that the Ukrresursy state-owned joint stock company include the cost of work and services, performed by the Ukrainian building company Ukrgazstroi in Turkmenistan, as part of payment of Ukrainian debts for Turkmen gas. Ukrresursy is authorised to organise payments for gas deliveries to Ukraine.

Turkmenistan agrees to include, this way, 23.712 million dollars out of the total debt of 52 million dollars (according to estimates of the Ukrainian Oil and Gas Committee on August 1) as payment for gas.

Such a deal can be made already in the third quarter of this year.

Ukrgazstroi signed a contract with the Turkmen Ministry of Oil and Gas in May 1995 to fulfil design, construction work and deliveries of equipment for a Turkmen pipeline between Nazandzhik, Kyzyl and Arvat.

Besides, the sides are discussing a possibility of publishing text-books for Turkmenistan by the Kharkov book-publishing printshop. An estimated sum of the order is 500 billion karbovanets. The order is to be paid by Ukrresursy.

Under an intergovernment agreement, Ukrresursy is to provide payment for 11 billion cubic metres of Turkmen gas. The total annual quarter of Turkmenistan for gas export to Ukraine is 25 billion cibic metres, including 14 billion — deliveries by private firms.

National Affairs

New S-300 Air Defense Missile Complex Presented

LD3108085995 Moscow ITAR-TASS World Service in Russian 1846 GMT 30 Aug 95

[By unidentified UKRINFORM-TASS correspondent]

[FBIS Translated Text] Kherson, 30 Aug (ITAR-TASS) — The presentation of the new S-300 missile complex, which recently entered the arsenals of air defense units in southern regions of Ukraine, took place today near Kherson. In the presence of military men and representatives of the local authorities, a powerful missile salvo "destroyed" a total of 16 Mi-8 helicopters and Su-23 aircraft in less than a minute.

The guests were informed by Lieutenant Colonel Mikhail Lopatin, commander of Ukraine's air defense forces, that there is nothing like the S-300 anywhere in the world. For some parameters it surpasses the well-known U.S. Patriot complex. Using modern electronic equipment, the operators of the S-300 can locate in the air not only missiles, aircraft, and helicopters but also small flying apparatuses at a height of only 20 meters.

The new missile complex was developed by Ukrainian specialists with the participation of their Russian colleagues.

Donetsk To Air Russian Public TV on First Channel

LD3108091395 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 30 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] We have frequently reported on the diversion of Russian Public TV broadcasts from the

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first channel onto others that occurs in Ukraine. Now it seems that the situation is starting to go in the opposite direction.

[Correspondent Gennadiy Klimov] The Donbass [Donetsk basin region of Ukraine] is once again watching Russian Public TV in the meter band [metrovom diapazone] by means of a reverse channel diversion. Nationalist organizations have condemned the move to bring back Russian Public TV in some regions. They have called for the leaders of Nikolayev region — which was the first to dare return to the old channel layout — to be punished.

In the Donbass, support for Russian Public TV played a decisive role. Taking the region's peculiarity [large ethnic Russian population] into consideration, Kiev gave permission for reverse diversion following talks with the regional administration.

But that was not the end of the matter. These people are calling for Russian Public TV broadcasts to be restored in full and for the regional television and radio company to be taken off the first channel altogether. But where is it to take its programs? It is forbidden to broadcast on the first and second national channels.

The dispute brings into conflict irreconcilable foes. One side sees the situation with Russian Public TV as the beginning of discrimination against Russian-language broadcasting as a whole. Those who advocate squeezing out Russian Public TV say that the Russian channel has no more right to the state territory than French or German television.

The National Council on TV and Radio Broadcasting does not conceal its disappointment at the passive stance taken by the Russian side. It seems that there will be no solution to this problem without Russian input and bilateral agreements.

Economic Issues

Kuchma Decrees Banks To Cancel Producers' Debts

AU3108091495 Kiev HOLOS UKRAYINY in Ukrainian 29 Aug 95 p 2

["Ukrainian Presidential Directive on Granting Financial Support to Enterprises and Organizations" signed by President L. Kuchma in Kiev on 22 August]

[FBIS Translated Text] For the purpose of overcoming the crisis of payments and granting support to Ukrainian producers, I resolve as follows:

The Ukrainian National Bank must see to it that, as of 1 September, commercial banks write off the debts of enterprises and organizations with all forms of ownership in terms of interest on credits issued by the banks in expectation of future profits, when the said enterprises and organizations are unable to pay the interest.

The Ukrainian National Bank, jointly with Ukraine's Ministry of Finance, must determine, within two weeks, the procedure for recognizing the indebtedness as hopeless and work out a mechanism for writing it off.

[Signed] Ukrainian President L. Kuchma

[Dated] Kiev, 22 August 1995

Deputy Premier Urges Privatization, Protectionism

WS3008130095 Kiev INTELNEWS in English 0007 GMT 30 Aug 95

["Special to IntelNews" by Ihor Zhyhyr]

[FBIS Transcribed Text] Kiev, Aug. 29 — Deputy Prime Minister Viktor Pynzenyk said Tuesday [29 August] that it was time for Ukraine to move from a concentration on financial stabilization to production reforms.

According to Pynzenyk, despite a headlong plunge of the karbovanets in August, the government can curb inflation to rates low enough to encourage production increases. Pynzenyk said that a slight rise in production, realized in the second quarter, reflected the stability of Ukraine's national currency.

Pynzenyk, however, acknowledged that the August collapse of the karbovanets came in the wake of mounting monetary emissions and provoked an erosion of trust not only in the karbovanets but in the policy of the executive branch as well.

The deputy prime minister said if the karbovanets remains stable at the beginning of September, monetary reform at the time fixed by presidential decree will be inexpedient. However, Pynzenyk added that this was only his personal viewpoint.

Speedy privatization will promote a leap in production output, according to Pynzenyk. The unfinished construction sites might change hands to private ownership and improve the situation, Pynzenyk said. At least this issue should be reviewed, he said.

Pynzenyk said he acknowledged that the state lacked funds to buy this year's grain but added that the situation will not trigger backlogs in bread supplies.

"Farmers can sell the grain at the (agricultural) exchange. The principal question today is that it not cross Ukrainian borders," Pynzenyk said.

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Pynzenyk said he advocates prompt protectionist measures for domestic producers.

"Today importers do not have to pay excise duties and can easily avoid paying the value-added tax. Because of the above facts, they manage to maintain lower prices. These privileges should be annulled, and domestic producers should be protected," Pynzenyk said.

A legal procedure entitling Ukrainian citizens to exchange privatization certificates for cash should be introduced, Pynzenyk said. "It is the right of everyone to use his own certificate as he thinks best," Pynzenyk said.

As for the negotiations process on the Russian lease of institutions and territory in Sevastopol, Pynzenyk said that Russia must pay for leased entities at world prices rather than "some preferential" prices. Russia is selling energy supplies at world prices, Pynzenyk added.

Government Approves 1996 Draft Budget

WS3108092295 Kiev INTELNEWS in English 0441 GMT 31 Aug 95

[FBIS Transcribed Text] Kiev, Aug 30 — The Cabinet of Ministers approved a draft 1996 budget Wednesday [30 August] with a 15 percent deficit.

The government, however, intends to entitle ministries and local administrations to develop measures to keep the budget deficit ceiling at not more than 6 percent of the gross domestic product.

The value-added tax, income and profit taxes, and excise duty will still be the major sources of budget revenues.

Financial backing of social and cultural development constitutes the largest share of budget expenditures at 20 percent, pension fund expenditures total 16 percent, while expenditures for social security equal about 14 percent.

The government is expected to authorize correspondent ministries to speed up preparation of a draft resolution annulling all preferential customs duties and to draft a bill on barter transactions.

The above measures mean to increase budget revenues.

To give a gear up to the development of the secondary market of state securities, the government plans to set trade sites at the exchanges throughout Ukraine.

The budget projects overall revenues at KBV3,342 [karbovantsi] trillion, or 44.5 percent of GDP.

The overall amount of expenditures equals KBV4,471 trillion, or 59.5 percent of the GDP.

According to the indicators of the 1995 budget, the new budget deficit would 7.2 percent of GDP. A total of 2.3 percent will be covered through foreign financing, while 4.9 percent through internal financing.

According to estimates, wholesale prices in 1996 will rise by 56 percent, while consumer prices will rise 46 percent.

"This is very a important government panel meeting," said presidential chief of staff Dmytro Tabachnyk. "In accordance to the Constitutional Agreement, for the first time in its not very long history, Ukraine, like major civilized countries of the world, can start drafting its most important legal act, namely the state budget. Under the article 32 of the Constitutional Agreement, by Sept. 1, the president must submit for Parliament's review the state budget for the next year," Tabachnyk said.

"From 1992 to 1994 we had been constantly lagging behind the schedule of the budget preparations, and the country lacked a budget for several months. That was an utterly inadmissible situation destroying the financial system," Tabachnyk said.

Crimea 1995 Price, Income Statistics Detailed

954F3109B Simferopol KRYMSKAYA GAZETA in Russian 15 Aug 95 p 1

[Unattributed report: "The Crimean Socioeconomic Situation in the First Half of 1995: Population's Income and Prices"]

[FBIS Translated Text] The population's income amounted to 40.195 trillion karbovantsy [K] and exceeded expenses by K5.134 trillion.

The average monthly per capita income in the first half of 1995 amounted to K2.5486 million and increased 5.3-fold as compared to the preceding period; monetary expenditures—respectively, K2.223 million and 4.8-fold.

The average monthly wages of workers and office workers amounted to K4.985 million, and in June of this year, K6.635 million.

In addition to wages, which comprised 92 percent of consumption funds, workers at enterprises, institutions, and organizations received money in the form of financial aid, as well as labor and social benefits (K410,000 monthly per worker on average) and income on stock and investment in enterprise property.

The average monthly labor remuneration of workers at collective agricultural enterprises amounted to K1.472 million.

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Retail prices and fees for consumer goods and services rose by a factor of 5.6 in the first half of 1995 as compared to the corresponding period of last year, including those for paid services by a factor of 7.7; prices in state, cooperative, commercial, and consignment trade (including farmers markets) rose by a factor of 5.1; among foodstuffs, prices for soft drinks increased almost 11- fold, bread and bakery items by 10-fold, milk and milk products by 7.8-fold, and potatoes by 7.6-fold. Among nonfood items, prices for marches increased 3.5-fold, thread and natural silk and synthetic fiber fabrics 10.4-fold, facial soap 7.8-fold, and medicines and chemical goods 7.5-fold.

In the paid services group, over the period of January-June 1995 prices rose the most with respect to housing and municipal services—16-fold (including for municipal services-23-fold, which broke down as follows: electric power—28-fold, heating—27-fold, hot water—25-fold, cold water—12-fold, natural gas—21-fold, sewerage—16-fold, and sanitary cleanup—17-fold); health care— 10.7-fold; and passenger transportation—[figure illegible].

Enterprises' wholesale prices (excluding value-added tax and excise taxes) rose in June as compared to May by 4.8 percent and exceeded last December's level by 85.6 percent. At the same time, prices for light industry goods as compared to December 1994 rose by 166.7 percent, milling and cereal industry by 152.6 percent, and glass industry by 102.7 percent.

Prices for animal husbandry products over the first half of 1995 increased 6.2-fold as compared to the corresponding period of last year.

Daily Probes Reason for Karbovanets Decline

954F3109A Kiev KIYEVSKIYE VEDOMOSTI in Russian 10 Aug 95 p 2

[Report by KIYEVSKIYE VEDOMOSTI correspondent Irina Titova: "The Dead Season Is Over: Karbovanets Began To Fall Sharply"]

[FBIS Translated Text] The financial market has received a jolt. Over the past week the price of the dollar went up by about 10 percent. While all through the summer at the UMVB [Ukrainian Interbank Foreign Currency Exchange] it held on average at the 145,000 karbovantsy [K] mark, over the period from Thursday, 4 August to Tuesday, 9 August it jumped to K156,000. Yesterday the rate was registered at the K159,000/dollar mark. The interbank market reacted to it with some delay, but here, too, the rate at the currency buying and selling offices began to steadily climb as early as the day before yesterday. It looks like the "dead season" for the coupon ended before its due time. Most dramatic forecasts envisage the rate falling to the point of K200,000/dollar very soon. The figure is odious: This is precisely the lucrative rate that is being lobbied by exporters, who do not like the National Bank's strict monetary policy that has lead to financial stabilization. The banks do not miss the opportunity to make good money on playing the rate differential: Operations with short money are lucrative now and only the "not so smart" part with cash. And by the way, the time to pay wages has come. So what was it that threw the karbovanets off balance?

Some observers are inclined to blame destabilization of the market on banks, which persistently buy for their clients large amounts of foreign currency at the UMVB. According to other reports, the scheduled emission is at fault for everything. And although, as the top national officials assure us, it was conducted within planned boundaries for the third quarter, one minor thing was overlooked: A greater part of the money was released into the market and utilized within the first 20 days. And there are still two months to go. This is enough to explode the situation. By most pessimistic forecasts, the wages in the dollar equivalent may fall as early as in August (it is said that it amounts on average to $50) and even real wages may fall. By less dramatic forecasts, the trend towards their growth, which clearly manifested itself over the past months, will be broken. Another explanation was also offered. There is talk that the APK [Agro-Industrial Complex] did pull K35 trillion onto its turf for purchases of combines. Calculated in hard currency, it will come to slightly more than $200 million. The seemingly relatively small figure (in Moscow, for instance, gross sales of one decent store amount to half a million a day), but look at the consequences!

The president's adviser on macroeconomics, Anatoliy Galchinskiy, looks at this all calmly. He believes that it is unnatural to prop the rate at the time of continuing inflation. And for the monetary reform, it is important to dissipate the inflationary potential instead of accumulating it. Besides, during devaluation space for reforms gets cleared in a way: Fewer reserves will be needed to support the hryvna. "I am for a rising rate of the dollar," Anatoliy Stepanovich said to KIYEVSKIYE VEDOMOSTI yesterday.

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Belarus

President Lukashenka Signs Edict Merging Two Banks

LD3008184995 Moscow INTERFAX in English 1535 GMT 30 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Belarusian President Alyaksandr Lukashenka signed a decree on merging the State Sberbank (Savings Bank) and the Belarusbank commercial bank, the country's two largest banks.

Tamara Vinnikova, who earlier headed the Belarusbank, was appointed as the chairwoman of the country's largest new Open Joint-Stock Company Savings Belarusbank.

Lukashenka told INTERFAX on the eve of the bank's creation that Belarus needed a very powerful bank "which will really help people and will work for our economy and not for frauds."

Lukashenka has repeatedly criticized in public the performance of commercial banks created on the state property basis. He criticized such banks for their failure to contribute actively to the development of economic reforms and for their participation in creating "a financial climate favoring wide-scale currency speculations."

Belarusbank Deputy Chairman Nikolay Blazhko declined to comment on the presidential decree in an interview with INTERFAX. He said the decree should firstly be discussed by the general meeting of the bank's shareholders planned for today at 17:00 local time (18:00 Moscow time). Blazhko just said that the merger of the two largest Belarussian banks would certainly have a positive impact on the economic situation in the country on the whole and on the performance of the Belarusian banking system.

Premier Addresses Debts to Russia, EU, Germany

WS3108101995 Minsk BELAPAN in English 0710 GMT 31 Aug 95

[FBIS Transcribed Text] Belarusian Prime Minister Mikhail Chyhir came out with a statement at a governmental press conference on 29 August, "The financial standing of Belarus at the world financial market is stable." According to the head of the Cabinet, this estimation is based on several items. Firstly, in spite of the increase of the debt to Russia (about $60 million in 1995) the government managed to pay off the debts to the European Union and the Federal Republic of Germany totalling $80 million. Secondly, the government is realistic in understanding its power and understands that there is not too much to draw from the country. The prime minister stated, "We must admit that the Belarusian economy is not ready to pay off debts on the account of internal resources." As far as the debts for the gas are concerned, Mr. Chyhir is sure that the measures undertaken by the government to improve the situation with mutual payments for gas and to increase the tariffs for gas used by the people will help to find extra resources to pay off the debt to Russia. Meanwhile, the schedule of paying off the debt is coordinated with the president of the Russian joint-stock company "Gazprom" Vyakhirev during his recent visit to Minsk.

Bank Head, Deputy Premier on Talks With IMF

WS3108102095 Minsk BELAPAN in English 0710 GMT 31 Aug 95

[FBIS Transcribed Text] The press conferences of the chairman of the board of the National Bank Stanislaw Bahdankevich and the Vice-Premier Mikhail Myasnikovich took place on the same day. That is why the main questions concerned the reason why the IMF excluded the problem of giving Belarus the stand-by credit totalling $280 million from the agenda of the sitting of the council of directors of the IMF. According to Mr Myasnikovich, the negotiations with the leadership of the IMF started the day before the sitting of the council of directors and mainly touched upon three problems. The first concerned the process of implementation of the governmental programme of macroeconomic stabilization and structural reforms worked out together with the IMF officials according to which the Republic expected to get the credit. The second was the situation with paying off foreign debts and the third was the situation at currency auctions. Mr Bahdankevich and Mr Myasnikovich assure that they had no objections as regards the second and the third problem and the activity of the government on implementation of the main items programme which was recognized a better one than those of Russia and Ukraine such as the level of the inflation, the rate of the national currency and the budget deficit was estimated positively. However, the especial [as received] attention of the leadership of the IMF to the money base was unexpected for the Belarusian party. This showing is not principal in macroeconomic stabilization and it was not even considered at the discussion during giving the stand-by credit to Russia and Ukraine.

According to Mr Myasnikovich, the control number was given in the Programme as of October 1. The increase of the base should not have exceeded 950 billion rubles [R]. In the beginning of August the excess of the money base was 158 billion and the government hoped firstly that the IMF would consider this showing in prospective and, secondly, that this number is nothing as compared with the aggregate

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money mass totalling R15.9 trillion. Unfortunately, according to Mr Myasnikovich, the showing of the money base was the reason for discussions with the IMF staff and the Acting Managing Director of the IMF Stanley Fischer.

As a result the Belarusian party was recommended to exclude considering the problem of giving the Republic the credit from the agenda of the sitting of the councils of directors. Actually, there was a discussion, though unofficial. According to Stanislaw Bahdankevich and Mikhail Myasnikovich, the leadership of the IMF highly estimated the changes in the Belarusian economy. The agreement was achieved that Belarus will fulfill its commitments on the Programme and the IMF, in its turn, will guarantee the considering of the request of the Belarusian government no later than September 12.

The members of the Belarusian delegation were especially proud of their firm position due to which the visit to Washington should not be considered to be in vain. Mr Bahdankevich, in particular, stated that the leadership of the IMF decided to increase the first tranche of the credit from $30 million to $70 million. The European Union, The United States of America, Germany and Russia promised to increase the amount of the assistance. As far as the showing of the money base is concerned, according to Mr Bahdankevich, the international finance organisation doubt whether the Republic will fulfill its commitments. Mr Bahdankevich stated, "If they had trusted us the showing would not have been the main objection". However, the head of the National Bank believes that there will not be any firm guarantee that the Republic will receive the assistance.

National Bank President Calls For Devaluation

WS3008101395 Minsk BELAPAN in English 0706 GMT 30 Aug 95

[FBIS Transcribed Text] The head of the Board of the National Bank of the Republic of Belarus Stanislaw Bahdankevich believes that the policy of the National Bank is not tough but rather restrained.

At the press conference held on August 29 he said that the volume of aggregate mass of money has increased by 2.3 times while the decrease of the production of the national product by 12 percent starting January 1, 1995. The policy resulted in the decrease of the inflation in the Republic but it is early to speak of the victory over the inflation. The inflation of 3-5 percent a year is the objective but not 3-5 percent a month as it is now in Belarus. The Belarusian ruble rate has stabilized on the market basis. The offer and the demand were balanced by the National Bank interventions. At present the full balance between offer and demand is observed.

The National Bank president made a forecast for the end of August. The demand may increase, which will lead to the devaluation of the ruble. He estimated that the National Bank will further stand for the devaluation of national currency even by administrative measures for the development of export. Unfortunately, this point of view is not shared by the highest authorities.

The National Bank president gave some examples showing that all large enterprises exporting their production waste their working capital decreasing production as a result of the policy of the government and the president. The real inflation increased by 3 times while the ruble rate has been stable for six months. The discrepancy caused the situation when the profitability of the Minsk Automotive Plant (MAZ) was minus 3.4 percent. The real losses of MAZ for the six months of 1995 have constituted 21.5 percent taking the inflation of 18 percent into consideration. The situation is not better with other exporting enterprises. Thus, the real losses of the Minsk Motorcycle and Bicycle Plant were 12.9 percent (taking the inflation into consideration — 31 percent), the "Haryzont" — 11.3 (29.4), the Minsk Tractor Plant — 0.7 (18.8), the joint-stock "Dyvany Bresta" society — 66.6 (84.7), etc. According to Mr. Bahdankevich, all this witnesses that managing bodies of state-run enterprises are not able to decrease the cost of production because they simply do not know how to do it. "Thus, the policy of supporting the ruble rate is more harmful for the Belarusian economy than useful," stated the National Bank president. It is vital to come to a conclusion that the ruble rate should correspond to the inflation.

However, Mr. Bahdankevich believes that it is time to touch the problem of increasing efficiency of management by the owner — the state. The state should learn how to estimate the activity of the enterprise according to its profitability. At present the enterprise is estimated by its volume of production. Stanislaw Bahdankevich stated: "If we want to overcome the crisis we must learn to see crisis processes in the national economy and to undertake measures to improve the situation."

Belarusian President Lukashenka Interviewed

MM3008155495 Moscow IZVESTIYA in Russian 29 Aug 95 p 5

[Interview with Belarusian President Alyaksandr Lukashenka by Otto Latsis and Aleksandr Starikevich in Minsk; date not given: "Belarus: Lukashenka's Year" — first paragraph is IZVESTIYA introduction]

[FBIS Translated Text] Minsk — Alyaksandr Lukashenka was generous with his time and the meeting lasted three hours — unfortunately the news-

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paper cannot print the full text of the conversation. We will try to give the essential elements.

"I Am Responsible for All This"

[IZVESTIYA] What is the gist of your economic strategy and what are the prospects for market reforms? There is the impression, you know, that reforms have come to a standstill in Belarus.

[Lukashenka] We — Russia and Belarus — were out of the blocks together and on the track of market reforms.

[IZVESTIYA] Only in the liberalization of prices.

[Lukashenka] Market reform has three vital components: liberalization of prices, privatization, liberalization of foreign trade. You mentioned liberalization of prices. Russia has some catching up to do with Belarus on this one. Payments for municipal services now cover 60 percent of the cost here. When it was 3 percent it was bad, and people had no sense of the actual value of them. But they got used to it. Brazauskas said to me: Alyaksandr, when you get to 40 percent, then you will see the value of the reforms. And I can tell you, when Russia gets to 60 percent, then you will be entitled to say: We are on the path of reforms and the people understand us.

As for liberalization of foreign trade, we are identical. We are pursuing a common policy and we have a common customs area. There are still export quotas for potassium, timber, weapons, and a couple of other strategic items.

As for the third component — it is not enough just to float a state enterprise. But if the enterprise is operating efficiently and paying money into the budget, and if the workers are also protected — then I agree with privatization. Why have they suddenly started accusing me of halting privatization? I said: As of now no major enterprise can actually be privatized without the president's consent. I am frightened of a repetition of certain things that have happened in Russia. It is not because I want to hold it up; on the contrary, I want to be aware of what is going on. We are a small republic, I know every enterprise, I have been round them all. I want to know what is happening at my enterprise — every Belarusian enterprise. I receive the documents and I see the Belarusian metallurgical plant, for instance. It is an ultramodern plant. We finally finished building it literally yesterday, at a cost of $3.5 billion. They send me the documents, estimating its value at $80 million. I immediately ask for clarification: What is happening to this plant? I see: Aha, the circulating capital has been reduced five times over. It is practically bankrupt. Why? It has been prepared for privatization. Prepared in the way it is being done everywhere in the post-Soviet area: Driven to bankruptcy. I say, you can now buy it for $80 million. If you do not have the money you can have credit. When we have robbed the people and taken their deposits, it is simple.

[IZVESTIYA] Let us suppose we did not rob them, but it happened.

[Lukashenka] It was us both. I take responsibility for this.

[IZVESTIYA] The Ryzhkov-Pavlov government was the last to do this, you need not take responsibility for this.

[Lukashenka] To finally put myself in the picture, I flew to the plant a week ago and spent a whole day there. I went through it with a fine-tooth comb.. I said to the director: Are you capable of keeping it as state property, getting it going without budget assistance, so that it functions as before? He said to me: We have not declined much. Allow us to take out credit of $20 million — a German firm is prepared to provide it and we will settle up with it within a year. I said: Give me the program. I look at it: a real program. What about the sale of the products? He said: We were helped by an unfortunate incident. A similar plant burned down in Germany and the Germans asked us to step in and supply metal cord.

When the Supreme Soviet election campaign started our ultraradicals started demanding a devaluation of the national currency. Apparently, our Belarusian ruble is being artificially supported, and after the elections the president will stop stalling and devaluation will begin. Enterprise leaders believed it and started withholding their products, in order to sell them more expensively after devaluation. The next day I went out and told people: People, we are not artificially supporting our ruble; we are supporting the dollar because a fall in the dollar would be bad for exporters. And we have increased 200 times over the stocks of currency in the National Bank, because we have been buying up dollars.

A month after the elections, and the ruble rate had not fallen. I convened a conference and I said: What do you expect? No sale, circulating capital eroded. What are we going to do, guys? They hung their heads and remained silent. Now you have three months, I said, do what you like, and if you do not get out of this tailspin you have only yourselves to blame. June, July, August — sales have gone up.

You must also take into account our people's mentality — they had become accustomed to believing in the czar and father of the nation. By no stretch of the imagination am I a czar. God forbid. But you will agree that that they have not given up on this here in Belarus; they are

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accustomed to believing in a human being. Here he is, we have elected him, we will ask things of him, and we believe in him.

"I Promised the People Truth and Honesty"

[IZVESTIYA] Your Administration of Affairs has evidently been busy, taking charge of buildings and installations. Supernationalization, as it were. The purpose of this activity is unknown.

[Lukashenka] What is happening in our case? Take the scientific research institute, for example. Its building is state-owned. It may not be producing anything scientific, but it has rented part of the building to commercial structures and is living on the proceeds. The director, accordingly, is living pretty well. Why think, why strive to produce an intellectual product? Even if there is something academic in this institute, it will perish there, there is no call for it. What there is basically is a bureaucracy, not scientists. Pushe, say, pays this scientific research institute maybe $1 million per year rental. 0.5 percent to the budget, the rest comes here. This is absolute corruption. I established state rates. Conclude a contract with the owner and let this go to the relevant budget — rayon, city or republic. What are they trying to present you with this at the moment? I will tell you why. All the parties have commercial structures behind them. Your Zyuganov and Zhirinovskiy are kept by them. And when the president placed this in context — what is state-owned must work for the state, while parties must live, according to the law, off dues, the president was lambasted both by the BNF [Belarusian People's Front] and by the left flank. They said he was giving the buildings to the Administration of Affairs. But let me tell you: It is not to the Administration of Affairs. The Administration of Affairs suggested that I leave this property with it, so that it can monitor the rental payments, not to it, but to the budget. But it is all at the consideration stage.

[IZVESTIYA] Where are you getting the money for the Palace of the Republic? It is terribly expensive.

[Lukashenka] Where is the Culture Ministry getting it from? But they came to me from the theater of opera and ballet, whose building is falling down. Did I make it fall down, do you think? No, Mr. Shushkevich was in power, a smart, intelligent, competent man. Why didn't you give anything to culture then? Now Lukashenka — the kolkhoz member cum political instructor, as they say — has come along. So he is shelling out billions on sport and culture. When I saw this construction site I felt bad. I decided to get it built immediately, within a year. Then I decided to put the opera theater in these premises and I began reconstruction there. Where did the money come from? From earnings from the sale of weapons.

Please do not apply the usual criteria to the president of Belarus. The most valuable thing for me is serving my people. Do not ask where the money will come from — the Administration of Affairs or the budget. What is absolutely vital to me is that no one should steal from me. The defense minister was pretty close to me, we used to play tennis together. Incidentally, I do not prohibit anyone from coming to the court where I am playing, but the maximum will be expected of you at work the next day, because you were with the president. So when I was told that the defense minister had been improperly allocating apartments and had links with commercial structures I immediately dismissed him, immediately! I promised the people truth and honesty.

The truth is that gas is expensive and you will pay a lot for it. The truth is that grain is expensive and you will pay for it. But it is also true that I will not steal and those alongside me will not steal. And it is true that the Russian people and other republics are our brothers and we will be developing fraternal relations with them, without pressing the point that we are independent and were quite prepared to ignore the lot of you. I promised economic integration. I am an advocate of the EU system, and the EEC concluded a treaty with me, with Belarus, before it did with Russia. All 15 EEC states signed, as did the Belarusian president for the other side.

"I Am Not Aspiring to Any Job"

[IZVESTIYA] What kind of relations would you like to see between Belarus and Russia?

[Lukashenka] Russia has a massive interest in Belarus in connection with the particular position of the Baltic countries and Ukraine. We have gained a great deal from our good relations with Russia, and Russia has this window, Belarus, into Europe. The Russian military facilities — we did not blow them up, as some did. And the rental payment for them is a reduction of millions of dollars. But we get compensation in gas and oil prices.

[IZVESTIYA] But the difference between domestic and world prices will not last forever.

[Lukashenka] It exists at the moment. There is a provision in the treaty: no discrimination. As soon as an imbalance occurs we will review the terms. But we have not lost our good relations. And seeing that Belarus is a strategic partner, Russia proposed the construction of a gas pipeline to West Europe via Belarus.

[IZVESTIYA] Did you talk with Vyakhirev about this a few days ago?

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[Lukashenka] About this and about the old Kebich debts.

[IZVESTIYA] What was decided about the debts?

[Lukashenka] We discussed the general principle: restructuring. Ukraine has reached agreement with Russia in restructuring debts and it will begin payments in 2000. I said to Vyakhirev: Rem Ivanovich, you are not going to offer us terms that are worse than those you offered Ukraine, are you? He smiled and said nothing. But I do not think he will. Incidentally, over the past year we have paid off debts of some $30 million, despite all our horrendous problems. We owe 400 million in all. Ukraine faces the problem of paying off the debt with Ukrainian property. But we raised the question of payment of compensation to us for the nuclear weapons — our property, which we surrendered to Russia.

[IZVESTIYA] Do you see the prospect of movement toward some form of single state, including Belarus and Russia?

[Lukashenka] This issue has never existed as far as I am concerned. Some people are trying to say that we are about to unite the two states and that Yeltsin will take over Lukashenka's seat. Some, on the other hand, are saying that Lukashenka has his eye on the Moscow seat. But this is altogether monstrous, and unrealistic at the moment from the viewpoint of legislation. God willing, I can cope with my native Belarus. I am not aspiring to any posts, to any seats. You will agree that this is a big enough piece to swallow. I have not swallowed it yet. With luck I will have chewed a bit, so to speak, in five years' time.

[IZVESTIYA] To what extent will you manage to honor your election promises?

[Lukashenka] I promised to resolve three problems. The first was to put the lid on inflation. It was touching 50 percent per month. Last August there was nothing in the stores — it had all been subsidized to the hilt. We had subsidized everything, everything was cheap, there was no interest in selling anything — it was all exported. Second, the fight against corruption. Third, integration with Russia. In the context of the third problem I promised people a referendum, and they got one. The only question in the referendum on my initiative was the one about my right to dissolve parliament, but I agreed to make it consultative.

"I Would Not Act Differently Tomorrow"

[IZVESTIYA] The letter from Vladimir Zametalin, head of your information service, to the State Duma demanding that it use its influence on the Russian press, and his interview in the paper ZVYAZDA on the same subject, have caused bewilderment. One cannot approve of abusive material, mischief, gossip, but isn't it clear that the chosen course of action is hopeless anyway?

[Lukashenka] Stop, I have no more to add: Hopeless. I could push it all onto Zametalin, but I admit it: I agreed. But the basic content turned out to be infelicitous. Incidentally, I got calls from both leaders, from Yeltsin and Chernomyrdin, with apologies.

[IZVESTIYA] Yeltsin rarely reacts even to outright abuse in the Russian press, not to mention principled criticism.

[Lukashenka] You are killing him. And do you know why he does not react? I once asked him: Do you watch television? "Kukly" and so on? No, he said, I do t, I get sick after watching it. But I know Naina Iosifovna watches it and he gets a potted version of it.

[IZVESTIYA] Doesn't it seem to you this is a wise policy? Any reaction by the authorities will only make the situation worse, because it is a reaction from the top.

[Lukashenka] Maybe there is something in that, but I cannot absolutely agree with you, I will have to think about it.

[IZVESTIYA] We are not talking about what is right, but about what is expedient. It is wiser not to react.

[Lukashenka] Well he is reacting. Do you think suing "Kukly" and so on is something that is done in a state for no particular reason?

[IZVESTIYA] Is the investigation of the incident involving the expulsion from the Supreme Soviet of deputies trying to hold a hunger strike there over?

[Lukashenka] As far as I know the investigation is still going on, otherwise I would have been told. But I would ask you to consider this: It was an action striving for a particular effect. Outside Belarus it probably had some success, more so in the West than in Russia. In our republic — it was on the eve of the elections — it did them a major disservice. The people said as much: It should not have been done in parliament and the president acted properly. Third, are you sure I ejected them?

[IZVESTIYA] That does not matter. You are responsible.

[Lukashenka] Indeed, they are responsible for the breach of order and of the law — I am morally responsible for the fact that it happened in our state — if you believe that is bad. Why was I on the point of telephoning the law enforcement organs and say there is a bomb in the building? Understand my situation. I immediately said:

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It is all rubbish, no one has planted a bomb anywhere, the building is secure. Then I thought: But what if? What do we do — check them all? Although many had come to parliament with weapons, my security guards had not warned them. Suppose something were to happen, who would be responsible? Me. So they were questioned, and you can see on film how they were questioned and how they were thrown out. They were evicted, you journalists say "expelled," so be it. That was it.

[IZVESTIYA] Forcibly expelled.

[Lukashenka] Well, of course, they refused to go voluntarily.

[IZVESTIYA] That is the first time your answer to a question has not been convincing in the slightest. Your people's actions were wrong.

[Lukashenka] Say my actions, I am responsible for them. And if it were to happen again tomorrow I would not act differently.

[IZVESTIYA] One personal question. You usually make public statements in Russian. Is that on principle?

[Lukashenka] No. Incidentally, occasionally I make speeches in Belarusian. But my Russian is better than my Belarusian — why should I change? Why the trend to get away from Russian, what for? Russian is our language as well. Russian writers are ours too. Why do we say that the nuclear missiles are ours, but the intellectual assets are not? Russian is a great language and it would be foolish to divorce our people from that language. Russian does not need support in Belarus, Belarusian needs it. And it will get that support. It will get it, do you hear! But you cannot tackle this by force, since that could easily turn it into a battlefield. Language is a very sensitive area — the people decided at the referendum to give the languages equal status. [Lukashenka ends]

[Postscript] We decided to refrain from commenting on the answers, irrespective of how persuasive they appeared to us.

But two days after our meeting with the president there was an interview in the government paper RESPUBLIKA with Vladimir Zametalin, head of the Belarusian presidential staff's main social and political information administration. He said that the "Russian state media," including IZVESTIYA and KOMSOMOLSKAYA PRAVDA, "carry with impressive regularity slander and conjecture about our republic and president" and are even participating in a campaign aimed at ousting the president of Belarus.

It is odd that V. Zametalin, whose job is dealing with press affairs from day to day, does not know the difference between independent papers and "state media," in which category he placed IZVESTIYA together with KOMSOMOLSKAYA PRAVDA. That is probably why he sent an appeal to tame the press to the Russian State Duma, which gets much more flak from that press than the Belarusian authorities do. The fact is that, first, IZVESTIYA has not set itself the ludicrous task of ousting the Belarusian president or discrediting him, and, second, no one has refuted a single fact in IZVESTIYA's reports from Belarus.

The inevitable question is: Did President Lukashenka know that his close associate was intending to appear in the government newspaper after our conversation with him? All this is important not at a personal level. The history of the transitional period has played a strange trick on Belarus. The country's communist rulers intended to make a smooth transition from an all-powerful CPSU to an all-powerful Supreme Soviet, and from it to an all-powerful president. And the Constitution was prepared accordingly. But there was one snag: Unlimited power went to one who was not cut out for it. Now the current president is making a colossal effort to literally conform to his mission, as he sees it. As is known, he has even decided to monitor university examinations himself to ensure there are no abuses and he even set the essay topics. But the point is that even in a small country (and Belarus is not that small) the head of state cannot do everything himself. Although he can find apparent relief in neutralizing the democratic checks and balances. But then he inevitably becomes dependent — perhaps without his noticing — on his own apparatus. Perhaps we are witnessing the start of this process?

Moldova

Reportage on Ukrainian Premier Marchuk's Visit

Intergovernmental Agreements Signed

AU3008160195 Chisinau INFOTAG in English 2045 GMT 29 Aug 95

[FBIS Transcribed Text] Chisinau, August 29 (INFOTAG) — Signing of a package of inter-governmental agreements marked the completion of an official visit to Moldova of a Ukrainian governmental delegation headed by Prime Minister Yevheniy Marchuk.

The sides signed the Agreements "On Free Trade," "On Promotion and Mutual Protection of Investment," "On Avoidance of Double Taxation and Tax Evasion Prevention," "On Providing for Pension Rights," "On Setting up Joint Moldovan-Ukrainian Financial and Industrial Groups," "On Preferential Conditions of Moldovan Perishables Transportation to the Ukraine and via the

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Ukrainian Territory over to Other CIS Countries," "On Settlement of Debts," as well as several agreements on cooperation between ministries and government structures of the two countries.

After the signing ceremony, Ukrainian Prime Minister Kravchuk expressed satisfaction about the visit results, having pointed out that the two nations had signed already about 50 documents on cooperation in various fields.

He stressed a great potential which the two nations have in their bilateral cooperation, and pointed out problems which have to be solved without delay. Most of the urgent issues pertain to border settlements, and a simpler customs and border regulations.

Both Marchuk and Sangheli spoke for a more active bilateral cooperation alongside with interaction in the CIS framework. The Ukrainian Premier has reminded that CIS members had already signed 568 documents, but life shows that a bilateral cooperation is much more efficient than ties in the CIS frames.

During the two-day official visit, Yevheniy Marchuk and the Ukrainian governmental delegation had meetings with President Mircea Snegur, Parliament Chairman Petru Lucinschi, visited several ministries and state departments, and met with Dniester Administration.

The Ukraine will act as a mediator in the Dniester settlement, Prime Minister Yevheny Marchuk stated at today's press conference in Chisinau.

A Ukrainian representative — together with Russian and OSCE [Organization for Security and Cooperation in Europe] mediators — will take part in the nearest Moldovan/Dniester summit scheduled for September 13, he said.

"As for concrete forms of the Ukraine's participation in the dispute settlement, there are several variants but they should be finally decided upon by all interested sides," Marchuk remarked. The Ukrainian participation in the negotiation process was tackled also at the delegation's meeting with Dniester representatives headed by president Igor Smirnov. The meeting, which took place Monday night on Tiraspol's request, was attended by Moldovan governmental officials.

According to the Ukrainian Prime Minister, this meeting was dedicated to problems of final Dniester settlement, as well as cooperation of economic agents, and to border and customs issues.

Prime Minister Andrei Sangheli has stated that "Moldova welcomes the Ukraine's joining Russia and OSCE Mission in settling the Dniester dispute."

"We have agreed to that, and now it is up to experts and diplomats to determine the forms of participation and order of granting guarantees. We deeply hope that the Ukrainian presence will give us an additional possibility to prove that we are seriously seeking to solve the problem, and there are no secrets about it. That was Tiraspol's initiative which we supported, for we consider it timely, and hope it will be fruitful," Sangheli said.

Both Moldovan and Ukrainian Prime ministers believe there are no problems hampering the development of cooperation between the two neighbor countries.

They stated at today's news conference that the present visit of the Ukrainian governmental delegation to Chisinau had demonstrated the sides' preparedness to promptly solve all arising questions.

Answering INFOTAG's question concerning Moldovan transits via the Ukrainian territory, Andrei Sangheli expressed satisfaction that the Ukraine was quite cooperative and signed the Agreement "On Preferential Conditions of Moldovan Perishables Transportation to the Ukraine and via the Ukrainian Territory over to Other CIS Countries." This document shall provide "a green corridor" to Moldovan perishables passing via the Ukrainian territory. There shall be only one customs examination on entering the Ukraine, and the agrarian produce shall not be liable to high customs duties.

The sides have also agreed that Moldova will participate in building transit check stations on the Ukraine's eastern border.

Answering INFOTAG's question about the reasons of the Ukrainian parliament's reluctance to ratify the Treaty of Friendship, Good Neighborly Relations and Cooperation signed in 1992, Yevheny Marchuk has replied there exist no principle obstacles to that at present, and the Supreme Rada (Parliament) will ratify it soon.

There are no border demarcation and delimitation problems either, he said. The process in under way, and the bilateral commission is working. Being solved also are railway and property problems. During the current visit, the sides have settled property issues, and the Ukraine has undertook to repay its debts to Moldova which have resulted from the break-up of the USSR.

Ukraine Promises To Repay Debts

AU3008162795 Chisinau BASAPRESS in English 2114 GMT 29 Aug 95

[FBIS Translated Text] Chisinau 29/08/1995 (BASA-PRESS) — "Ukraine's relations with Moldova are of

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strategical importance for our country," said the Kiev premier, Yevheny Marchuk, at today's press conference which was held in the end of his two-day trip to Moldova. 13 agreements and conventions were signed during the visit. These agreements have to do with the bilateral cooperation in the economic, agricultural, commercial, cultural spheres, transit conditions of Ukraine for the agricultural output exported by Moldova to the East. "Certainly, there are aspects to be settled yet, but there are no deadlocks in our relations," pointed out Marchuk. Asked about the negotiations process on establishing the frontiers between Moldova and Ukraine, the Ukrainian prime minister said the first round of negotiations was carried out normally, mentioning it was a specific process and that there were some disputable points, especially in the Southern sector of the frontier. "There are juridical documents for solving matters of this kind," Marchuk said, underlining that Ukraine wanted to settle these matters so that the inhabitants of the two countries should not suffer. According to the documents signed today, Moldova is to take part in building several customs at the boarder with Ukraine, with the purpose to ease transits through Ukraine of moldovan trains. Yesterday, Yevheny Marchuk and Andrei Sangheli met the leader of the self-proclaimed republic, Igor Smirnov, in Chisinau. The meeting was held at Smirnov's request. "We solicited Tiraspol's viewpoint on the way Ukraine could commit itself in the process of settling the Dniester litigation, but we have understood that they do not have a clear opinion on this issue yet," Premier Marchuk said. In his opinion, Moldova, Russia, and OSCE should decide upon the modality of Ukraine's participation in the conflict's settling process, this could be performed by diplomatic support or experts, or in other ways. Prime minister Andrei Sangheli stated that Moldova relies on Ukraine's participation in negotiations, and on Russia and OSCE as well. According to Sangheli, the relations with Kiev have a vital character for the Chisinau officials, as Ukraine's territory is the major area for exporting the Moldovan output. Solicited by BASAPRESS to comment the situation of the economic relations within CIS, Yevheny Marchuk said he would not make and overall estimation of these links, but in his opinion, the bilateral relations between states are more efficient.

Officials from the Finance Ministry and National Bank of Moldova signed yesterday with their Ukrainian counterpart an inter-governmental agreement regarding step by step debt payments from Ukraine to Moldova. Victor Cebotari, head of department for foreign relations within Finance Ministry, specified to BASAPRESS that the debts at discussion were incurred by Ukraine during 1992 and according to an intergovernmental agreement from June 15, 1993, were declared Ukraine's state debt to Moldova at $28,440,000. The bank officials state that according to a preliminary contract, Ukraine will have to pay all its debts until June 15, 1996, but for the time being, Kiev gave nothing from this sum. Cebotari told that according to the documents, signed by both parts, Ukraine promises to acquit the debts in three years by supplies of coal, mineral fertilizers, transportation services. "By September 10, both parts will draft an agreement, which will settle the final number of goods, the prices, and supplying conditions," specified the same source. Previously, Chisinau officials signed similar agreements with Latvia and Turkmenistan, which owe Moldova $900,000 and $14,400,000 respectively. Turkmenistan promised to partially pay Chisinau's debts for Russian gas in exchange for its debts to Moldova.

The signing of the cooperation agreement between the Ethnical Relations Department of Moldova and the Ethnical Relations Ministry of Ukraine on observing the ethnical minorities' rights, which was planned in the program of the Ukrainian governmental delegation, was postponed. Vasile Sova, head of CIS Direction for the Foreign Ministry, said one of the causes for this was the fact that the Ukrainian side received the draft of the document too late. Another cause is the fact that the representative of the Ethnical Minorities Ministry of Ukraine was not present. According to Sova, the seat of Ethnical Minorities Minister from Kiev is vacant and the vice- minister is on a vacation. Vasile Sova stated that the signing of the cooperation agreement on observing the rights of ethnical minorities was not abandoned. This document will be signed in the nearest future. The draft of the agreement stipulates the observance of political, economic, and social rights of Moldovans in Ukraine and of Ukrainians in Moldova, of the right to receive and communicate the information in one's mother tongue. At the yesterday's meeting with the leaders of national-cultural organizations of Ukrainians of Moldova, the Ukrainian prime minister Yevheny Marchuk declared that "Ukraine has helped and will continue to grant aid to the Ukrainians of Moldova in their process of national revival."

Delegation Ends Visit

LD3008132995 Moscow INTERFAX in English 1213 GMT 30 Aug 95

["INTERFAX-UKRAINE" news item — quotation marks as received]

[FBIS Transcribed Text] Chisinau, August 30 (INTERFAX-UKRAINE) — The Ukrainian government delegation led by Prime Minister Yevheniy Marchuk wound up their two-day visit to the Republic of Moldova on Tuesday.

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In the course of the visit, 13 agreements were signed on bilateral cooperation in various fields, among them, in particular, the agreements on free trade, on promotion and mutual protection of investments, on preventing double taxation and tax evasion, on the guarantees of the rights of citizens to pensions and a consular convention.

Addressing a press-conference after the signing ceremony, Premier Marchuk noted that currently relations between the two neighbor states are governed by around 50 agreements in various fields. As he put it, "there is a big potential for the development of cooperation between the two nations, but there is also a host of problems, whose resolution brooks no delay.

Answering a question from an INTERFAX correspondent on the course of work for the delineation and demarcation of borders between Ukraine and Moldova, Yevheniy Marchuk said that on this issue "there are no special problems, as there are either no problems involved in the ratification of the treaty of friendship and cooperation between the two countries signed in October 1992.

[In a further dispatch from Chisinau, Moscow INTERFAX in English reports in the same transmission that Marchuk also said at his news conference that Ukraine will actively join in the settlement process of the conflict in Moldova's Trans-Dniester region. The two sides have reached agreement on Ukraine's participation alongside with Russia and the OSCE mission in the settlement process in Trans-Dniester. Asked by INTERFAX about the forms of such participation, Marchuk said "there are several options, but they are to be agreed upon between all the sides." Marchuk confirmed that the issue of Ukraine's participation in the settlement in Trans-Dniester was discussed during the meeting on Monday between the Ukrainian delegation jointly with Moldovan Premier Andrey Sangheli and Igor Smirnov, leader of the Trans-Dniester Moldovan Republic.]

Ukraine Involvement in Peace Settlement Welcomed

AU3008162695 Chisinau INFOTAG in English 2045 GMT 29 Aug 95

[FBIS Translated Text] Tiraspol, August 29 (INFOTAG) — The state secretary of the breakaway Dniester republic, Valery Litkai, has expressed satisfaction about Ukraine' becoming one more mediator in the dispute settlement. He told to INFOTAG that "Tiraspol has been long seeking to attract the Ukraine to the negotiation process, for we believe this will favorably influence further talks". "In case the Dniester problem is settled through granting a special status to our region, then the Ukraine may become a reliable guarantor of the status observance. We have always insisted to have Russia and the Ukraine as such guarantors, for we are closely related with the two republics historically. And the Ukraine will find it easier to perform the mission because we have a common border", Litkai remarked. According to him, the Monday's [28 August] meeting of Tiraspol officials with the Ukrainian delegation was a success, "for we have seen the Ukrainians showing interest in the settlement process, and they will delegate their experts here already very soon". "Ukrainian experts have experience in solving such problems, and they will render a valuable help to us in drafting a status law. The more so that Dniester and Moldovan expert teams made a very fruitful work during the August, and have prepared a thick package of documents for the next Dniester/Moldovan summit to be held in mid-September", Litkai said.

President Snegur Denies Creating Political Party

LD3008182195 Moscow INTERFAX in English 1541 GMT 30 Aug 95

[FBIS Transcribed Text] CHISINAU, Aug 30 (INTERFAX) — Moldovan President Mircea Snegur denied the allegations that he had created a party for launching the campaign for presidential elections.

"We have not begun the campaign for presidential elections and we will not do this in the near future," he said.

Snegur told a press conference in Chisinau today that the new party's creation was due to the present political situation in the country and the necessity to be consistent in the implementation of the reforms.

The Revival and Accord party held a congress last Saturday. Snegur was elected as the party's chairman.

Snegur said his party would be in favor of the constitutional reform and consistent economic reforms. He said the new party would demand that Moldova's state language should be called the Rumanian language with relevant amendments to legislation and that Moldova should become the presidential republic with a two-chamber parliament.

Snegur said Moldova needed the two-chamber parliament for the implementation of adopted laws. He said the parliament would include the house of deputies and the house of representatives. He said candidates to the house of representatives would be proposed by local administrations.

With regards to settlement of the conflict in the Trans-Dniester region, Snegur said his party would be in favor of granting to the Trans-Dniester region the status of an autonomy within the Republic of Moldova. He said

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relevant talks were continuing but his party did not see the possibility of making more concessions to the Tiraspol leaders.

Snegur said the next round of talks between Chisinau and Tiraspol would take place on September 13 and would involve mediators from Russia and the OSCE [Organization for Security and Cooperation in Europe] as well as representatives of Ukraine whose mediation had been required by both Chisinau and Tiraspol.

Snegur said his party was dissatisfied with the performance of the government which failed to develop the economic reforms. Snegur said the government might have to resign.

Favors Presidential Republic

AU3108100895 Chisinau INFOTAG in English 1930 GMT 30 Aug 95

[FBIS Transcribed Text] Chisinau, August 30 (INFOTAG) — Chairman of the Party of Revival and Conciliation (PRCM) and Moldovan President Mircea Snegur has refuted allegations that he had started his election campaign for the next presidency. Speaking at today's press conference, he said he had not begun — and was not planning to in near future — any election campaign. "The presidential post is likely to be contested by many, so it is necessary to weigh everything and see," he said.

The idea to make Moldova a presidential republic with a bicameral Parliament is a programme clause of the Party of Revival and Conciliation, he reminded, and rejected parallels with some other former Soviet Union republics where presidential regimes have been established. "Our point is to strictly differentiate powers in the country, so that to provide for efficiency in solving problems. You cannot help agreeing that a purely parliamentary republic — which Moldova is sliding to, judging by the legislation being built at present — will lead to nowhere but endless debates," Snegur stressed.

"This is not a question of a presidential dictatorship. This is a question of a presidential republic where, as other countries' experience shows, all democratic norms are duly observed, and problems are solved much faster and more efficiently," Snegur stated.

Answering journalists' questions, Mr. Snegur informed that, unlike the prime minister and Parliament chairman, he was not going to reply to writer Ion Druta who had suggested the three top leaders "to try and find a common language."

Snegur added: "I am in no quarrel with either of them. We interact in solving existing problems. And we here have a better vision of things than visitors from outside do."

In his words, the proposition to elect a bicameral Parliament does not yet mean that it must be immediately adopted by the current parliament. This is just a programme clause which may be realized in case of PRCM's victory at the next election.

Mircea Snegur said that the new Constitution has been adopted not forever, and it is subject to amendments — if not by the present legislature then by next ones.

He pointed out that the PRCM is already represented in the current Parliament by 11 deputies who quitted the Agrarian Democratic Party of Moldova [PDAM] recently and joined the new party. Should attempts are undertaken to deprive them of their mandates "we are capable to protect them with all legal, constitutional means," Snegur remarked.

Advocates 'Centrist Doctrine'

AU3008174595 Chisinau BASAPRESS in English 2114 GMT 29 Aug 95

[FBIS Transcribed Text] Chisinau 29/08/1995 (BASAPRESS) — President Mircea Snegur declared himself as the advocate of the centrist doctrine, which he considers the only condition to assure Moldova's integrity and prosperity. "This is an ideal of mine and not a caprice, as they say," mentioned President Snegur in an interview for Radio Moldova, published in the today's issue of the governmental newspaper MOLDOVA SUVERANA. According to President Snegur, "the creation of the Party for Revival and Conciliation of Moldova has the goal to strengthen the centrist forces, as the ones who were center-left wing went left and center-right did not actually exist; there were only right wing extremist forces." Commenting the dissensions in Moldova's top leadership, Snegur said that "what occurs in the political spectrum now, is the politics of one or another leader." Referring to the relations with the CIS, Snegur said "without a synchronization of the activities of the CIS member states in the economic field Moldova will face difficulties and the CIS states play a major role in re-launching Moldova's economy at least for the time being." Seeing that there are "very many problems" in carrying out the economic reforms, President Snegur said "modifications and improvements are necessary in the reforms program," especially concerning the stock market, the tax and the crediting systems. Referring to the corruption and crime control problem, the state's chief said he is shocked and "additional, strictly presidential steps will be taken soon."

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Snegur Orders More Security For Government Buildings

LD3008201495 Moscow INTERFAX in English 1930 GMT 30 Aug 95

[FBIS Transcribed Text] CHISINAU, Aug 30 (INTERFAX) — Moldovan President Mircea Snegur told a press conference in Chisinau today that he has ordered a strengthening of defenses for government and parliament buildings and for the president's residency.

Snegur said he had to take such measures after the terrorist act against Georgian leader Eduard Shevardnadze in Tbilisi on Tuesday [29 August]. Shevardnadze was lightly injured in the attack.

Snegur said he was shocked by the outrageous terrorist act in Georgia. He said he sincerely wanted to support the Georgian leader at such a difficult moment of his life.

Terrorist acts had been launched in Moldova as well, he said. In May a grenade was thrown through the window Moldovan Parliament Deputy Chairman Nikolae Andronik's apartment, but luckily did not explode. An investigation was launched but the criminals remain unknown. In another incident this spring similar to the attack on Shevardnadze, a car blew up near the government's building in Chisinau.

Snegur said Moldova had taken special security measures during students' strikes last spring when the Chisinau police received several anonymous calls warning that the buildings of the government and the Education Ministry, which refused to meet the strikers' demands, had been mined.

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Kazakhstan

New Constitution Adopted in Nationwide Referendum

LD3108054295 Moscow ITAR-TASS in English 0539 GMT 31 Aug 95

[FBIS Transcribed Text] ALMATY, August 31 (ITAR-TASS) — The inhabitants of Kazakhstan voted by an overwhelming majority of 89.07 per cent in favour of the new Constitution in the Wednesday [30 August] referendum on. [sentence as received]

The Central Election Commission has summed up the preliminary results of the plebiscite on the country's new fundamental law and told ITAR-TASS that 90.58 per cent of the registered voters took part in the referendum, a higher percentage than predicted by surveys.

President of Kazakhstan Nursultan Nazarbayev is expected to hold a press conference on the results of the referendum on Thursday afternoon.

Referendum Declared Valid

LD3008105595 Moscow Radiostantsiya Ekho Moskvy in Russian 1000 GMT 30 Aug 95

[FBIS Translated Text] The national referendum in Kazakhstan on the draft of a new constitution for the country has been declared valid, the chairman of the central commission on holding the referendum said. More than 65 percent of the citizens voted by 0700 GMT. Fifty percent plus one vote is sufficient for the referendum to be declared valid.

Israeli Foreign Minister Peres Pays Official Visit

Holds Talks With Nazarbayev

LD3008192295 Moscow ITAR-TASS in English 1909 GMT 30 Aug 95

[By Ivan Zakharchenko]

[FBIS Transcribed Text] ALMATY, August 30 (ITAR-TASS) — Kazakh President Nursultan Nazarbayev met on Wednesday Israeli Foreign Minister Shim'on Peres, who is in Kazakhstan on an official visit, to confirm Kazakhstan's commitment to strong partnership with Israel.

Meeting journalists after the talks, Peres said Kazakhstan's efforts to carry out economic reforms, strengthen democracy and reach stability in society enhanced multifaceted cooperation between the two countries.

The two sides agreed to strengthen Kazakh-Israeli relations in the field of science, culture, agriculture and air transportation.

Nazarbayev stressed that Kazakh-Israeli relations have a good future and will be intensified after the Kazakh president's visit to Israel due to be held this year.

Later in the day, the Kazakh and Israeli delegations signed an agreement on air service between the two countries, an agreement on cooperation in the field of science and technology, culture and tourism, a protocol on consultations between the foreign ministries of the two countries, and other documents. These agreements provide the legal basis for the two countries' efforts to bolster their partnership.

After his one-to-one meeting with Nazarbayev, Peres had talks with Kazakh Prime Minister Akezhan Qazhygeldin and Foreign Minister Qazymzhomart Toqayev.

On Thursday, Peres will meet representatives of the Jewish diaspora and Kazakh intellectuals.

Nazarbayev To Visit Israel

TA3008171595 Jerusalem Qol Yisra'el in Hebrew 1600 GMT 30 Aug 95

[FBIS Translated Text] Kazakhstani President Nursultan Nazarbayev will soon arrive on a visit to Israel during which he will announce the opening of his country's embassy here. This was reported by Foreign Minister Shim'on Peres after he met Nazarbayev in Almaty. Mr. Peres welcomed Kazakhstan's decision to remove nuclear weapons from its territory despite the fact that Muslim countries have tried to persuade it to keep the weapons.

The president of Kazakhstan offered to have Israel take part in developing his country's vast natural resources which include, among other things, large quantities of oil.

Tajikistan

ITAR-TASS Previews Turkmen Premier's Visit

LD3108094995 Moscow ITAR-TASS in English 0935 GMT 31 Aug 95

[FBIS Transcribed Text] DUSHANBE, August 31 (ITAR-TASS) — Turkmen Foreign Minister and Vice-Premier of the Turkmen government Boris Shikhmuradov begins his visit to Dushanbe today to discuss problems connected with the deepening of interstate relations between Turkmenistan and Tajikistan.

During his talks with Tajik leaders the sides are expected to discuss the progress of the implementation

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of a tripartite Tajik-Iranian-Turkmen agreement on oil and gas supplies to Tajikistan, the opening of the Turkmen embassy in Dushanbe and problems of inter-Tajik settlement, Zafar Saidov, department chief of the Tajik Foreign Ministry, told ITAR-TASS.

Recently, Turkmenistan has activated its participation in the inter-Tajik dialogue and offered Dushanbe as a venue for another round of inter-Tajik talks. This idea was approved both in Moscow and Dushanbe, but leaders of the Tajik opposition have not accepted this proposal yet and offered a few alternatives.

In connection with the visit to Tajikistan by the Turkmen Vice-Premier local observers pointed out that political relations between Tajikistan and neighboring Uzbekistan had noticeably cooled, which affected economic ties between the two countries. Beginning from 1995, Tashkent repeatedly interrupted gas supplies to Tajikistan, which jeopardized the Tajik national economy and deprived he Tajik population of fuel. Certain differences between Tashkent and Dushanbe have appeared in their approach to the settlement of the Tajik conflict.

Opposition Increases Military Presence

LD3008123595 Moscow INTERFAX in English 1003 GMT 30 Aug 95

[FBIS Transcribed Text] DUSHANBE, Aug 30 (INTERFAX) — The Tajik opposition has been actively increasing its military presence in the country during the last three months, Commander of the CIS Joint Peacekeeping Forces in Tajikistan Colonel-General Valentin Bobryshev told INTERFAX today.

Bobryshev said Tajik gunmen were mostly gathering in the Garm group of regions, in particular in the Obikhingou valley (eastern Tajikistan).

One such opposition unit attacked the law enforcement department and the Tajik Security Ministry's department in the town of Rogun, 120 kilometers east of Dushanbe, yesterday evening, Bobryshev said.

Bobryshev said the opposition's gunmen groupings numbered "a maximum of 2,000-2,500 people," including foreign mercenaries. He said 30 foreign mercenaries had recently come to near the Vanch village in Gorno-Badakhshan, an autonomous region in eastern Tajikistan.

Bobryshev said the opposition units were armed with firearms, anti-tank launchers, mines and other explosive devices and flame-throwers.

Bobryshev said the militant units were launching some actions in the Garm valley nearly every day. He said he believed that such provocations were being launched in order to destabilize the situation and "keep the country's leadership tense." Bobryshev said he believed that this the opposition was preparing Dushanbe for making concessions at the coming fifth round of the government-opposition talks.

Counterfeit Currency Could 'Undermine' Economy

MM3008132095 Moscow PRAVDA in Russian 30 Aug 95 p 2

[ITAR-TASS report: "Printing Money Is Easier Than Earning It"]

[FBIS Translated Text] The Tajikistani special services have caught red-handed two major dealers in counterfeit Russian banknotes. When searched, a whole consignment of counterfeit 50,000-ruble bills worth over 24 million Russian rubles was found on the criminals, who are residents of the republic. An investigation is under way, during which the manufacturing base and counterfeit money distribution channels are being identified along with the other people involved in the criminal business.

According to up-to-the-minute information, at least 1 billion counterfeit Russian rubles are in "circulation" in the country, primarily in 50,000-ruble bills, along with tens of thousands of U.S. and German banknotes of various denominations; this could seriously undermine the republic's economy and still further devalue the national ruble, whose inflation has already topped 200 percent.

Uzbekistan

Supreme Council Approves Military Doctrine

LD3008184395 Moscow INTERFAX in English 1544 GMT 30 Aug 95

[FBIS Transcribed Text] TASHKENT, Aug 30 (INTERFAX) — The Uzbek parliament approved the country's military doctrine today.

The military doctrine's draft earlier went through nation-wide discussion.

Under the political provisions of the military doctrine, Uzbekistan does not consider a single country of the world as its enemy and decisively opposes war as a means to resolve international problems.

Uzbekistan will not be the first to launch military actions against any state if Uzbekistan itself or its allies, which concluded with the country agreements on mutual military assistance, do not fall victim to an aggression.

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Under the document, Uzbekistan cannot produce, purchase or deploy nuclear weapons and favors indefinite extension of the Treaty on Nonproliferation of Nuclear Weapons. Uzbekistan is in favor of fully banning nuclear tests and destroying nuclear weapons.

Uzbekistan considers it inadmissible to replace the previous ideological confrontation between the East and the West with confrontation based on ethnic and religious ground.

Uzbekistan is ready to consider all peace-loving countries of the world as its allies in the activity aimed at preventing war and preserving peace.

Karimov Comments on Transition to Market Economy

LD3008123895 Moscow INTERFAX in English 1003 GMT 30 Aug 95

[FBIS Transcribed Text] TASHKENT, Aug 30 (INTERFAX) — Uzbekistan has gone through the most painful and the most difficult way of transition to a market economy, Uzbek President Islam Karimov said at the third session of the republic's parliament, the Oliy Majlis, today.

Karimov said Uzbekistan had already resolved or was about to resolve the key problems of the country's economic development. He said inflation had dropped by eight times. He said the August inflation would not exceed 2% and the budget deficit would stay below the limit coordinated with the IMF.

Karimov said the number of joint ventures and private enterprises had considerably risen in Uzbekistan.

Karimov said he was fully confident that given the present inter- ethnic accord, peace and stability in Uzbekistan, the country could significantly increase its economic potential and improve living standards for people in 1996.

Karimov said Uzbekistan was already capable of becoming fully self-sufficient in grain and oil next year. He said the country was currently spending large sums on grain import.

Karimov said Uzbekistan should in the near future more actively develop the private sector, accelerate privatization, which has already been completed in the areas of trade and public services, of small and medium-sized businesses in order to stabilize the economy.

Karimov said private entrepreneurs were the key actors in the Uzbek economy.

Karimov said Uzbekistan should come to the world market only with "complete products" which would help the country to several times raise currency revenues.

The Uzbek parliament is expected to discuss at its third session the draft of the Civil Code and adopt the country's military doctrine. Karimov said the military doctrine concerned "not only military affairs but handles a complex of problems related to law enforcement, ideology and, naturally, defense."

Potentially Biased Russian TV Programs Halted

LD2908175895 Moscow NTV in Russian 1500 GMT 29 Aug 95

[FBIS Translated Text] Uzbek television has stopped carrying broadcasts of Russia Television's Vesti and Podrobnosti until the end of the week. Postfactum agency reports that the Uzbek authorities have done this because they fear coverage of the celebrations marking the republic's independence anniversary will, in their opinion, be inadequate.

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Armenia

Ter-Petrosyan Condemns Attack on Shevardnadze

NC3008195495 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 30 Aug 95

[FBIS Translated Text] Armenian President Levon Ter-Petrosyan has sent a cable to the Chairman of the Georgian Parliament Eduard Shevardnadze in connection with yesterday's act of terror in front of the Georgian Parliament.

The cable reads: I was deeply disturbed to hear of the gangsterish assassination attempt against you. I consider this act of terrorism an encroachment on the civil reconciliation, stability, and constitutional order in Georgia. In condemning terrorism in all its forms, I consider it an urgent necessity to activate and coordinate the efforts of all governments and states against this dangerous evil. I wish you speedy recovery and success in your work of consolidating Georgian statehood and the legality and the constitutional order in your country.

Border Position Comes Under Fire From Azerbaijan

NC3008180795 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 30 Aug 95

[FBIS Translated Text] The Armenian Defense Ministry has reported that the Azerbaijanis fired on the defensive positions of Chinari in Tavush with heavy machine guns from 2240 on 29 August until 0040 on 30 August. The enemy stopped firing following retaliation in kind by Armenian Army units. There were no casualties.

Relative calm has been prevailing along the rest of the Armenian-Azerbaijani border since last night. Relative calm also prevailed on the Karabakh fronts.

Daily Examines Iranian, Turkish Rivalries

954F3225B Yerevan GOLOS ARMENII in Russian 22 Aug 95 p 1

[Article by Narek Mesropyan: "When Oriental Politicians Are Not in the Mood for Niceties"]

[FBIS Translated Text] Nature abhors a vacuum. Having almost totally secured themselves against attacks of the domestic opposition, the authorities are receiving in "compensation," it would seem, the first flowerets from a possibly luxuriant bouquet of future problems of an international nature. It is thus that the highly exasperated remarks of Hamid Reza Nikkar, ambassador extraordinary and plenipotentiary of the Islamic Republic of Iran in the Republic of Armenia, in connection with the killing of an Iranian driver on the Goris-Kapan highway may be seen.

A truly unprecedented incident: Iranians here had been robbed before, but firearms were used for the first time. Nor had there been any fatal outcome of the robberies until now.

Many bitter words were leveled at our authorities, but the most offensive, I believe, were contained in those whose context is obvious: If the Armenian authorities are incapable of ensuring the safety of Iranian citizens and if the local law enforcement authorities have become robbery guarantors, as it were, the Iranian side is prepared to do its utmost in this affair. It hardly needs to be explained what this means and how offensive such proposals must sound for any authorities.

The Orient is, as we all know, a subtle thing. People may remain silent for years here, but even when they start to talk, they are in no hurry to express all that has accumulated in their heart. Ambassador Nikkar has spoken twice in a very short interval of time and has on both occasions made very unusual statements. Their essence amounts to the fact that Iran is pursuing no economic purposes in Armenia and is interested merely in alleviating the onerous lot of the Armenian people. We, however, the authorities, rather (the ambassador always speaks very respectfully about the people), have not fully grasped this simple truth.

Why at precisely this time has Iran decided to broach so big a topic? The answer to this question is wholly obvious, it would seem: A citizen of its country has been brutally killed, and the Armenian authorities have not given any official response to this tragic event. Moreover, the embassy learned of the death of the Iranian driver on the territory of Armenia only from a communication from Tehran. More than sufficient reasons for irritation, of course, but is this the only explanation for the sharp words of the ambassador's recent remarks?

In an interview with Ambassador Nikkar, the newspaper [words illegible] or unnoticed the sharply worded nature of his assertions that Iran is making its roads available for transit traffic for Armenia free of charge. How should Armenia respond to the evidence of the good will? By an expansion, probably, of trade relations and an increase in the volume of Iranian merchandise on the Armenian market. This trend is in the present situation taking place, there's no denying, but not, evidently, on a scale that would satisfy the Iranian side. The dubious success of the last Iranian exhibition in Yerevan is evidence of this. All the indications are that Armenia prefers to see Iran merely as a transit country and to ferry across its territory higher-quality foreign commodities. Iran will hardly put up with this for long, and the first signs of this are in evidence.

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But nor is this, I believe, the main argument for the exasperation. The rivalry between Iran and Turkey, which flared up with new force following the collapse of the USSR and which continues with varying success in the struggle for spheres of influence in the republics of Central Asia and the Transcaucasus, has evidently entered its final phase, moreover, with a victorious outcome for Turkey. It is creating with Azerbaijan and Georgia something akin to a Benelux union, and Central Asia has agreed to drive its petroleum products in circumvention of Russia and unfailingly over the territory of Turkey. Commenting on the agreements on these matters reached during Tansu Ciller's recent visit to the republics of Central Asia, observers are concluding that if all these plans are realized successfully, Turkey will become the region's new superpower.

This fact cannot fail, of course, to disturb Iran. Armenia remains virtually its sole dependable partner in the Transcaucasus, but even it is making no secret of its intentions to considerably improve its relations with Turkey....

....We have already written about the adultery obvious in the relations of Armenia and Turkey, for that matter.

Official on Central Bank Currency Policy

954F3215A Yerevan VREMYA in Russian 19 Aug 95 p 1

[Interview with [name indistinct] Amirdzhinyan, chief of the foreign exchange operations administration of the Central Bank of Armenia, by Mikhail Shakhsuvaryan: "We Anticipated a Drop in the Exchange Rate of the Dollar"]

[FBIS Translated Text] Workers of the Central Bank of Armenia are getting younger by the day. The current chief of the foreign exchange operations administration of the Central Bank of Armenia [name indistinct] Amirdzhinyan is only 25 years old. Last year he was on a training assignment in Austria and, as we can see, acquired a civilized view of banking. What is remarkable is that Mr. Amirdzhinyan has a religious belief in the unshakability of the positions of his department.

[Shakhsuvaryan] Your predecessor stated that the policy of the Central Bank was aimed against sudden changes in the exchange rate of the dram in relation to foreign currency. At the same time, the fairly sharp increase in the exchange rate of the dram which began last month would seem to refute these words. A question arises in this connection: Has the Central Bank's policy changed?

[Amirdzhinyan] In the first place, I categorically disagree with the adjective "sharp." It was a smooth transition: Over approximately a month and a half the price of the dollar dropped by only 10-15 drams. If this change had occurred in one or two days, then one could indeed speak of a leap. In any case, what happened cannot be regarded as an unusual phenomenon.

In the second place, the Central Bank's policy has not changed at all. And the role of a specific individual in the position of chief of the administration changes nothing. It is simply that the Bank has its program and is implementing it consistently.

[Shakhsuvaryan] Does this mean that the change in the exchange rate of the dram in relation to the dollar is the result of the implementation of this program?

[Amirdzhinyan] Let us put it this way: We have not ruled out the possibility that a change could occur. The Central Bank, as a result of conducting daily monitoring, has at its disposal data according to which a drop in the dollar is expected in the republic. But, of course, we could not make a prediction with a precision down to 1 dram.

It is worth noting that approximately the same phenomenon was observed during an analogous period of last year. Now a number of factors have caused the exchange rate of the dollar to decline, including seasonal ones. Among others is the "corridor" of 150-200 Russian rubles that appeared. This difference in the evaluation of the dollar on our market and on the Russian market has created conditions for the advantageous sale of foreign exchange in Armenia. We regard such speculative operations as a not altogether healthy phenomenon, and therefore we took prompt measures. Today, according to the results of the tenders at the Moscow Interbank Foreign Currency Exchange and the Yerevan Stock Exchange, the exchange rates of the dollar are already 4,408 and 4,422 Russian rubles, respectively (a difference of only 14). In other words, the so-called cross rate has not come closer together.

[Shakhsuvaryan] From this can one draw the conclusion that soon the exchange rate of the dram in relation to the dollar will drop again?

[Amirdzhinyan] The "corridor" factor did not play such a global role in increasing the exchange rate of the dram (approximately 5-10 percent). As I have already said, there were several reasons for this phenomenon. One can add to them the increase in imports—particularly the shipment of a large batch of gasoline into the republic. Its price began to drop and, consequently, this had an effect on the foreign exchange market....

As concerns the role of the Central Bank in all of this, it was to implement the policy you mentioned, that is,

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to prevent sharp leaps of the dram in one direction or the other.

[Shakhsuvaryan] Certain newspapers suspect that the drop in the price of the dollar in Armenia was the work of several wheeler-dealers who want to line their pockets in this way.

[Amirdzhinyan] Let me emphasize that even if anyone could actively influence the foreign exchange market today, it could only be the Central Bank. It is standing firmly on its feet and could counteract a speculative game at any moment. All the basic indicators are under our control, and I do not rule out the possibility that such a game exists.

[Shakhsuvaryan] But you cannot deny the possibility that a change in the exchange rate could have an unfavorable effect on many residents of the republic. On the one hand, the dollar is cheaper, but on the other prices of a considerable number of goods have at least not decreased....

[Amirdzhinyan] It is a fact that many people have savings in foreign exchange. But it is also a fact that some of the population when they receive their income in drams do not convert it into dollars. And this is a positive phenomenon. The actions of the Central Bank aimed at convertibility of the national currency are thus producing results. I wish to state that the Central Bank is not making any "idee fixe" out of stabilization of the dram. The main thing for us is the interests of the society. All steps of the Central Bank are weighed and, in my view, will lead to an improvement of the situation.

[Shakhsuvaryan] Anyway, to what extent will the ratio between the dram and the dollar change, say, by the end of August?

[Amirdzhinyan] In my view, it will change almost not at all. After all, the amount by which the price of the dollar decreases or increases is 1-2 drams.

Azerbaijan

Armenians Reportedly Violate Cease-Fire

NC3008132395 Baku AZERTAC in English 0859 GMT 30 Aug 95

[FBIS Transcribed Text] Baku, Aug 30, AZERTAC—The Press Centre of the Ministry of Defence informs:

The Armenian Armed Forces have violated the ceasefire regime again. On August 27 at 21.00 Kokhanbi village of Tauz district has been pounded by large-calibre machine-guns from the military camps situated in the territory of Berd district of Armenia.

On August 28 at 15.20 from Krasnoselsk (Armenia) the enemy fired border control posts of Kedabek district. Beginning from 18.00 the Armenian units—one BMP [infantry combat vehicle] and 100 infantrymen violated the state frontier. Populated area Arabachi was fired from the neighbouring heights continuously. In answer to this the units of Azerbaijani Army made the enemy retreat with casualties.

Aliyev's Statement on Coup Plot Noted

954F3233A Moscow SEGODNYA in Russian 18 Aug 95 p 7

[Report by Arif Useynov: "Another Coup d'Etat Averted in Baku. Arrested Military Personnel Are Readily Giving Evidence and Have Fully Revealed the Structure of the Conspiracy"]

[FBIS Translated Text] Baku—President of the Republic Geydar Aliyev made public for the first time on 16 August at a session of the Constitutional Commission facts of the arrest by the law enforcement authorities of a group of high-ranking officers who had attempted to talk some army subunits into another coup d'etat. They include the following former leaders of the Ministry of Defense: Shain Musayev, chief of the General Staff, and deputy defense ministers Vakhid Musayev and Rafik Agayev, and also a group of officers. According to the information of the head of state, the leaders of the anti-constitutional Citizens' Union, which operates in Moscow—ex-President Ayaz Mutalibov, former Prime Minister Suret Guseynov, and Defense Minister Ragim Gaziyev—had instructed the above-mentioned persons to enlist certain army subunits in the latest coup d'etat in order to oust Geydar Aliyev from the presidency.

The exposure of the terrorist group became possible, by all accounts, following the recent arrest in Lenkoran of Aliakram Gumbatov, the leader of the separatists, who had last year attempted to proclaim a Talysh-Mugan Republic in the south of the country and who had escaped, following his arrest, from a special solitary investigation block of the Ministry of National Security. Faik Mirzoyev, a senior official of the Ministry of National Security, who had prepared this escape, was arrested in Lenkoran also. The detainees gave exhaustive evidence concerning the preparation both of the actual escape of the criminals from the special isolation block and of the coup d'etat that had been prepared in October of last year. Forty persons have already been arrested in this case. One further former inmate of the special isolation block—Arif Pashayev, commander of the Lachin Volunteers Battalion—who was recently acquitted by a military tribunal, was taken into custody once again.

The conspiracy of the armed opposition against the authorities, the head of state specified, had been in

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preparation since May 1994 and had made provision for various scenarios of the seizure of power. As Geydar Aliyev made clear, the arrested generals had already embarked on the practical implementation of the plan for a coup with the aid of army subunits, but they miscalculated. The investigation is continuing, and the details have not yet been made public.

Observers noted the parts of Geydar Aliyev's speech that specified the complicity of foreign special services in the attempts to destabilize the situation in the republic. He referred in this connection to a recent publication in MOSKOVSKIY KOMSOMOLETS, which reveals the role of ex-president Guseynov and former Defense Minister Gaziyev in the activities of Russia's special services on the territory of Azerbaijan. According to the head of state, he does not accept the newspaper publication as a document, but upon a comparison of the facts at the disposal of Azerbaijan's official authorities and the facts specified in MOSKOVSKIYE KOMSOMOLETS, many events are logically connected.

According to the information of a high-ranking officer of the investigating authorities who wished to remain anonymous, the military persons and civilians arrested in recent days have fully revealed the structure of the failed conspiracy. So that, in observers' opinion, sensations are to be expected very shortly.

ADSP Statement Rejects Coup Link Claims

954F3235A Baku GUNAY in Russian 17 Aug 95 p 1

["ADSP Press Office Statement"]

[FBIS Translated Text] At the session of the National Assembly on 15 August, the speaker made in his speech entirely unfounded accusations against the ADSP [Azerbaijan Democratic Property Owners Party] and its chairman. We consider it necessary to note in this connection that the ADSP has from the day it was formed channeled its activity not into a struggle for power but into the extrication of the republic from the economic crisis, the development of a national bourgeoisie, and the assurance of the supremacy of the law for each member of society. The ADSP has always promptly expressed its view of the least manifestation of a violation of the Constitution.

This applies to the attempted coups d'etat also. In its statements of 5 October 1994 and 15 March 1995, the ADSP decisively condemned those who intended to carry out a coup and spoke in defense of the president, who is the guarantor of the statehood of Azerbaijan. These statements were published in the newspaper GUNAY.

The efforts, therefore, to discredit the party, which has 21,000 members, operates in more than 45 cities and districts of the country, and supports the president, are puzzling, to say the least.

The attempt to link Makhir Dzhavadov with the ADSP is unfounded, since M. Dzhavadov is not a member of the ADSP and never has been. The Independent Union of Free Entrepreneurs of the Azerbaijan Republic, which was mentioned in the National Assembly, is, as is clear from its name, an independent organization and has nothing to do with the ADSP, and it was formed a year before our party, what is more.

As far as the question of the "distribution of gifts" to constituents is concerned, we have to declare that this assertion is absolutely at variance with reality.

If what is meant is the disbursement of monthly stipends of $100 by companies of Makhmud Mamedov located in Turkey to the 100 Azerbaijani students in school there or the payment by the leader of the ADSP of regular financial assistance to 160 refugee families or his payment annually for the pilgrimage to Mecca of 20-30 believers, we see no crime here; on the contrary, we believe that all well-to-do people should take part directly in such noble work.

The fact that the activity of the ADSP and its chairman is "mentioned" in prejudiced form by the chairman of parliament at sessions of the National Assembly and meetings in the Office of the President is astonishing also. We believe that any political structure and its leader may be charged by the appropriate law enforcement authorities in connection with activity contravening the Constitution. But repeated checks conducted by these authorities in the past year showed that there are no grounds or evidence for accusing the ADSP and its chairman of any actions aimed against our statehood and that their activity does not transgress current laws.

We note with regret that the support for the activity of the president of the republic on the part of the ADSP is evidently causing concern in certain circles.

The ADSP press office condemns the unwarranted and inappropriate accusations leveled at the party and its chairman at so critical a time for our statehood, regarding them as an attempt to put pressure on them in order to discredit the party on the eve of the elections and to involve them in utterly needless discord, and states once again the position of the ADSP, which believes that the country can be extricated from the present crisis only with the cooperation of all political forces.

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Armenia Claims 'Government in Exile'

954F3236A Baku ZERKALO in Russian 19 Aug 95 No 30, p 2

[Interview with Oktay Atakhan by I. Umudlu; place and date not given: "Reunification of Armenia With Azerbaijan. Such Is the Task Set by the Irevan Government in Exile Formed in Baku"]

[FBIS Translated Text] As we have learned, an Irevan Government in Exile has been formed in Baku. The justification of the idea of its emergence is the proposition that the present Republic of Armenia is situated on territory what was primordially a part of the ancient state of Azerbaijan. The government includes people who formerly lived in the Armenian SSR and who were expelled. A ZERKALO correspondent talks with Acting Prime Minister Oktay Atakhan about the tasks that the government in exile is setting.

[Umudlu] The Irevan Government in Exile is a development of the process that began with the proclamation of the Geych-Zangezur Democratic Republic, about which the newspapers were writing at the start of the 1990's?

[Atakhan] The situation is that the territory of ancient Azerbaijan has today been divided up among several states. And only the part on which our country exists today is the state of the Azerbaijani nation. Of the states that are to this extent or the other situated on the primordial land of the Azerbaijanis, we are interested in only one—the so-called Armenian Republic, which is located wholly and fully on a small part of the primordially Azerbaijani lands, moreover, in their very center.

To reconcile ourselves to the present state of affairs, accept this as an invariable reality, and hereby justify our inactivity and passiveness would be today an even worse crime against the future of the Azerbaijani nation than our connivance, which has lasted for many centuries. It was this that was the reason for the creation—albeit in exile—of the Irevan Government.

[Umudlu] And what are the main areas of activity of your government?

[Atakhan] The government's aims are the return to their primordial lands of all the Azerbaijanis expelled from there, the liberation of the Irevan region from all enemies of the Azerbaijani nation, and the reunification of the Irevan region with all the other regions and zones of a united indivisible Azerbaijan.

[Umudlu] And what is to happen to the 4 million-strong population of Armenia? This is, after all, a state recognized by the world community?

[Atakhan] As far as the concepts "Armenian" and "Armenia" are concerned, it should be noted that the basis of these is a word of Turkic origin—"ermen." Neither in its origins nor object of identification does the word "ermen" have any primordially historical bearing on the so-called "Armenians," who call themselves "Hayk." The processes of intra-nation, localistic discord and enmity and intra-linguistic (dialect) and inter-religious division that have been under way for thousands of years on this long-suffering Azerbaijani land, the changes and distortions of the meaning and substance of the word "ermen," the savage, irreconcilable antagonism of Christian Azerbaijanis, who are Monophysites, and the Muslim Azerbaijanis, the littering of the Azerbaijani nation, particularly its lesser part—the Christian Azerbaijanis—by aliens who moved here and whole tribes that were resettled here—all this enabled strong states to make our land an object of their geopolitical experiments. As a result, a new nation, which came to be called "Armenians," was artificially created at the start of the 20th century on the basis of the Christian population of the Irevan lands, which compared with the Muslim population was the minority and was not either in terms of its blood or its place of origin in any way homogeneous, and the piece of land wrested away from the general primordially Azerbaijani "body" acquired the name of "Armenia," which is what the world now commonly knows.

As a result of all these monstrous mystifications of past and present, the Irevan land was with the tacit connivance of the world community fully "liberated" from the primordial Azerbaijani inhabitants of these lands who are of the Muslim faith and who have for many centuries constituted the vast majority of the inhabitants of the Irevan region of the overall "Azerbaijan from sea to sea." The "Armenian nation" is an artificially created concept, which should be consigned to oblivion. In five years or in 10 years, whenever it disappears, in any event. There simply should be no such nation.

[Umudlu] But how would the world community react to this?

[Atakhan] We are humanitarians and are prepared to grant everyone, the "Hayk" included, citizenship and equal rights, but they must, as in the Middle Ages, recognize that these lands are Azerbaijani. Christianity, together with Islam, is for Azerbaijanis to a certain extent a native religion.

[Umudlu] How does the Azerbaijani Government view your activity? Are you receiving any support from it?

[Atakhan] The government authorities of Azerbaijan, which we have sent a memorandum and other fun-

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damental documents, have a very guarded view of us as yet. The Government of Azerbaijan believes that at the present stage the creation of an Irevan government would be unadvisable. But, in our opinion, this viewpoint of our leadership is the result of the present adverse situation of the Azerbaijan Republic. If we look to the future of the nation, it is essential to create such a government today, even. This political project is geared to a period not of a year, not of 10 years, not of 20 years, even. But I would like to mention that we maintain ties to political parties—both opposition and government—hold consultations and negotiations, and, in principle, find understanding to large extent. We do not intend to sit with our arms folded and will try to find support and prove our right to exist.

[Umudlu] By what methods do you intend to achieve your goals?

[Atakhan] We would like to achieve justice peacefully, with the enlistment of the world community. But because, as historical experience has shown, peaceful means are not always effective, we will, if necessary, be forced to turn also to power methods of a solution of the question. Although initially we are supporters of the peaceful path. There are several scenarios of a return of the Azerbaijanis to their native lands. But work still needs to be done on them.

Official Reviews Fiscal Policy Course

954F3230A Baku GUNAY in Russian 15 Aug 95 p 4

[Interview with Azim Abbasov, chief of the finance, credit, and monetary circulation department of the Ministry of Economics of Azerbaijan, by Elmira Abdullayeva; place and date not given: "The Manat Is Stable, but the Standard of Living Is Falling"]

[FBIS Translated Text] The first half year of 1995 is behind us. For the economy of Azerbaijan, judging by statistical data, the past six months have turned out to be a very difficult ordeal. Production is continuing to drop, and the standard of living of a majority of the people fell; however, the rate of exchange of the manat with respect to the dollar has remained stable over the course of six or seven months now.

A quite reasonable question arises in such a situation: Owing to what in the economic ring is the manat able to withstand the knockout blows of the republic's dystrophy-inducing economy, and for how many financial rounds does the manat have enough strength?

An interview with Azim Abbasov, chief of the finance, credit, and monetary circulation department of the Ministry of Economics of Azerbaijan, started with answers to these questions.

[Abbasov] You ask, how does one explain the stable rate of exchange of the manat, given the current condition of the economy?

Actually, the situation is more than paradoxical: The continuing slump in production is not in any way influencing the rate of exchange of the manat, although this clearly contradicts all economic canons. The maintenance of the manat's rate of exchange is the result of economic and administrative measures that are being conducted by the Government and the National Bank of Azerbaijan. At the end of last year, 4,500-4,600 manat were given for one dollar. This rate of exchange did not reflect the real state of affairs in the economy, and it was obviously set too high at a time when the real rate of exchange of the national currency was 2,000-2,500 manat for a dollar. Thus, there was a certain "reserve" between the speculative and real rates of exchange of the currencies. Taking advantage of this unforeseen reserve, the National Bank is able to maintain the rate of exchange at today's level.

Another reason for the stabilization of the manat is the lag in demand (reflected in manat) behind supply (of foreign currency). This can be explained by the fact that the purchasing power of the people is falling sharply and that the gap between the consumer basket and the average wage, and even more so the minimal wage, is growing strongly.

The share of the cost of food products in a minimal consumer basket is 80-90 percent. The earnings of the population are insufficient for current expenses, and it is quite clear that there can be no question of savings in such a situation. Despite the fact that the manat rate of exchange is remaining stable, the index of consumer prices is continuing to grow. Under conditions when the minimum wage is not increasing and there is a big indebtedness to the population, naturally, the standard of living of the people falls. Thus, the decrease in the standard of living became one of the factors in the maintenance of the manat rate of exchange.

It should also be noted that today, for reasons that are well known, a majority of the enterprises of the republic are insolvent, and they are not finding free resources so that through conversion they can be directed to an expansion of production and the introduction of modern technologies. Some of the costs of our legislation are one of the reasons for this.

Thus, since 1992, enterprises have been authorized to include a sum equal to four minimum wages in the calculation of the cost of a product, whereas the nominal average wage of employees frequently turns out to be higher. Therefore, when after mutual settlements with the budget the profit remaining at the disposal of an

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enterprise goes for the wage, the enterprise does not have free resources that could support its vital activity.

In my opinion, it is necessary to revise the established norm of the share of the wage in the cost in the direction of its increase and, so that the budget would not suffer, to tax resources beyond the established norm.

[Abdullayeva] This is only one reason for the stabilization of the manat. Probably, others also exist?

[Abbasov] Of course. The elimination of the Unified Currency Fund (YeVF) became a factor in promoting the stabilization of the manat rate of exchange. This can be explained in this way. The growth in inflation is the consequence of the budget deficit. After the elimination of the YeVF, part of the balance of currency resources was applied to reducing the budget deficit, which brought it to a normal level (14-15 percent of the gross domestic product) and contributed to a reduction in inflation.

The increase in inflation is also associated with the increase in cash money in circulation. To preclude this, on 28 March 1995 the Supreme Soviet of Azerbaijan adopted a decree "On Measures To Stabilize Money Circulation in the Republic." According to this document, all juridical and physical persons, regardless of the form of ownership, must conduct all settlements through banks in a noncash form, and the established cash minimum cannot exceed 5 percent of the wage fund. These and other measures led to the fact that the ratio between cash and noncash changed in favor of noncash money, which in turn stabilizes the manat rate of exchange.

At the same time, instead of the three rates of exchange (the "black market" rate of exchange, the National Bank rate of exchange, and the BMVB [Baku Interbank Exchange] rate of exchange), the National Bank succeeded in introducing an auction rate of exchange of the Interbank Exchange, which works every day and promotes a reduction in speculative dealings in currency trading.

The bankruptcy of a number of philanthropic and commercial banks and the elimination of the "black market" removed many incidental factors that promote a drop in the rate of exchange of the manat to the dollar.

Yet another positive factor for the economy was the decrease in emissions. In the first half year of 1995, they fell to 26.4 percent, while in the same period in 1994 they had been 53.2 percent.

The implementation of a strict monetary-credit policy, which envisions the prevention of the issuance of emission credits that do not have real resources behind them, the shift to correspondent accounts, and the toughening of the rules of activity of authorized commercial banks help, on the one hand, to support the rate of exchange of the national currency; but, on the other hand, the high rates of credit and the nonextension of credits to enterprises hit the economy.

[Abdullayeva] Will the manat be stable for long?

[Abbasov] The National Bank has enough hard currency reserves, and with the help of intervention, it will be able to support the rate of exchange of the manat at the previous level.

[Abdullayeva] This means that as long as there are the resources, there is stability. When they end, will the next jump occur?

[Abbasov] For a final and firm strengthening of the manat, it is necessary to stop the slump in production and to achieve a positive balance both in exports as well as on the whole in the entire balance of payments, to accelerate economic reforms, to conduct privatization exclusively in manat, to immediately create primary and secondary markets in securities, and to introduce bills of exchange turnover. But it is also very important that the stabilization of the manat rate of exchange should be used for the development of production.

Georgia

Reportage, Commentary Following Bombing in Tbilisi

Shevardnadze Delivers Rally Speech

LD3008214595 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 30 Aug 95

[FBIS Translated Text] At the initiative of the Georgian Union of Citizens, a rally was held in Republic Square in Tbilisi today. Head of State Eduard Shevardnadze delivered a speech at the rally.

[Begin Shevardnadze recording] I would like to thank you all very much for coming here and for your support. I received a group of journalists this morning. They asked me if I had become too frail. I told them: do I really look like a man who has returned from the other world, or what?

Joking aside, yesterday could really have been a fateful day for the country. It is not a question of one man. It is about the fact that yesterday they wanted to kill the head of state and chairman of parliament. This would have been the start of... [pauses] One deputy — I think it was Gia Baramidze — was quite right when he said at the parliament session today that this would have been the start of a coup d'etat. It could already have happened today. If not, one of the main candidates for

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president would have been eliminated from the race, and the winner would have been a person favored by dark forces.

I know that some people might criticize me and say that I have already started an election campaign here. In fact, yes, I have. I have not said this up until now. I have accepted the proposal of the Union of Citizens — it will probably be given a different form later — and decided to stand for president of Georgia. [Words indistinct] I had to say this sooner or later.

I repeat that it would have been the beginning of a very bad and dangerous time for Georgia. I must say that if not for graceful God and His will, and if not for His protection for Georgia, there would have been a bad end to yesterday. God is with us, the people are with us, the world is with us, all progressive and democratic forces in the world are with us, and we must and we will win. Surely, we will win.

Why have they become so evil now? That is because the constitution has not failed. As I said, the constitution is the passport of a country. It is our visiting card throughout the planet. If a country has adopted its constitution ...[pauses] I must say without exaggeration, dear friends, that we can be proud of our constitution. It is one of the best constitutions in Europe. If a country has adopted a constitution like this, it means that it is on the right track, it will survive, and it deserves the support of the whole world. This is what they are afraid of.

In conditions of democracy and strong statehood, weapons and money from weapons cannot rule the country. They are afraid of losing this. No matter how many plots they hatch or what happens, I must tell you, my brothers and sisters, my children and grandchildren, I must tell all of you that they will fail to intimidate me, they will fail to intimidate either me or my colleagues and friends. We will fight to the end. We will fight to the end for a single and united Georgia.

The constitution provides the guarantee that our people will live better tomorrow than they do today. This is an absolute guarantee. I would not tell you this if I did not believe it. We will produce goods ourselves, but our foreign friends will assist us 10 times as much in order to help us overcome the crisis. This is because we are a lawful country, because we have adopted our constitution lawfully and will hold elections lawfully. There is no doubt that we will hold elections. On 5 November there will be elections in Georgia.

What else has made these people so evil? It happened because the constitution, adopted by parliament ...[pauses] Let me thank parliament 10,000 times for mutual understanding and cooperation. This is despite the fact that we often criticize it. Parliament has passed the constitution, which is a legal basis for the unity of Georgia and for regaining lost Georgian lands. This basis is constitutional. I know full well that Russia is being criticized a lot for Chechnya. It is being criticized a lot for violating human rights, for the casualties, and so on. However, no-one argues that it is Russia's land. This is because the Russian Constitution has legalized it. The Georgian Constitution has legalized Abkhazia as a constituent part of Georgia, and Samachablo, the Tskhinvali region [both meaning South Ossetia] as a constituent part of Georgia.

I would like to tell foreign journalists who are here today that until our last breath we will do our best to avoid bloodshed and to help our suffering refugees return to Abkhazia. But if it is all in vain, the constitution is a basis, it is an instrument that will allow us to take up arms and resolve this matter in the just way necessary for our country, for our native land.

My young friend, Ms. Pikria Chikhradze, spoke here and said that she does not like taking part in rallies. To tell you the truth, I also believe that the time of rallies is over. However, this rally had to be held. We had to come here and express the will of the people of Georgia. We had to say that we no longer want to live under the conditions of terrorism, we do not want armed people to be given a free hand, we do not want at all to have criminals in politics, we do not want armed people to win the elections and to (?be) in parliament. This will not happen. Georgia, our people — Georgians, Armenians, Azerbaijanis, Russians, Jews, Abkhaz, Ossetians, Greeks, and others who live here — will elect the best candidates, the very best. That is the kind of parliament we will have. And I think the president will be good as well.

I would like to thank you, citizens of Georgia who came here — I love the word citizens, citizens of Georgia — for expressing the will of the entire population of Georgia. I would like to thank the organizers of this event. I believe that this event is a useful experience for the country and for each of us. I would like to wish you happiness; luck; and a single, prosperous, and strong Georgia. Thank you very much. [end recording]

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Daily Praises Shevardnadze's Courage

MM3008190295 Moscow IZVESTIYA in Russian 31 Aug 95 p 2

[Report by Teymuraz Mamaladze under the general heading "What Lies Behind Attempted Assassination of Eduard Shevardnadze"]

[FBIS Translated Text] "I got the feeling that our car had been bombed," Petre Mamradze, Shevardnadze's chief of staff who was alongside him at the time, said. Without making any allowances for his shock and the contusion he had suffered, it can be claimed that that car had indeed been bombed.

The sense of relief does not ease our alarm. The criminal-political terrorism that has taken root in Georgia in recent years is being fostered by so many vile sources that even the best-informed observers find it hard to get to the bottom of it. And this terrible wave cannot be put down by the tanks that appeared on the streets of Tbilisi the day before yesterday. But one thing is indisputable — the problem of Georgia's security as a state is very closely bound up with the personal safety of its leader.

In May 1992 James Baker, then U.S. secretary of state, having discussed a program of international aid for Georgia with Shevardnadze in Tbilisi, let slip almost in passing in the course of the conversation: "We are concerned about the problem of your personal safety." But Shevardnadze disregarded this overt warning and, to the horror of Baker's personal security and the irritation of his own security men, unexpectedly took the guest on a tour of Republic Square, which was seething with ceremonial processions.

In October 1992, after Gagra was handed over to Basayev's "Abkhaz battalion" and OMON [Special-Purpose Militia Detachment] men from the Baltic with the connivance of "observers," Shevardnadze flew from Sukhumi to the villages of Gantiadi and Leselidze on the border with Russia. "We cannot guarantee the safety of the flight," the commander of the Russian military group deployed in Gudauta stated. Shevardnadze's helicopter was attacked in flight by a military Mi-24 without identifying markings.

In March 1993 a Russian Su-27 flown by Major Vatslav Shipko was shot down on the outskirts of Sukhumi. The pilot was killed. Shevardnadze ordered his body to be returned to his base. During the funeral ceremony in Bombora the generals there swore to have their revenge on Shevardnadze "for everything."

It would be supremely irresponsible to state that Moscow had a "hand" in the 29 August act of terrorism, but there is no doubt that the ills that have befallen "Shevardnadze's land" have a clearly expressed personal thrust. The tragedy of the situation is compounded by the nature of the domestic political situation or, rather, by the Georgian leader's successful measures to stabilize it. The blow was struck at precisely the time when there was some light at the end of the tunnel. But it is still hard to say whose fingers were on the remote-controlled bomb button.

Hot on the trail of the explosion, there have been statements about an extensive plot aimed at bringing about a coup d'etat to preempt the fall elections for the Georgian president and parliament. "Oil pipeline," "brownshirt Red," and "Abkhaz" trails have featured among the hasty analyses.

Without giving preference to any one of these or the other theories, I would note that the country's leader is at the center of the geopolitical cross on which this marvelously unlucky country has been crucified. And most probably the target was selected by biological Zviadism — not so much the political trend as a state of a gloomy, declining mentality and a background that recognizes neither national nor political differences.

Two months ago at the grave of his friend Soliko Khabeishvili [name as transliterated], who was killed outside his home, Shevardnadze made an unexpected appeal to the killers: "I know you can hear me. So I say to you cowards and scoundrels who strike in silence that we are not afraid of you...."

However much certain people may try to deny this dominant characteristic in Shevardnadze's makeup — personal valor — it is inexhaustible. As is, so we would like to believe, life until full victory is achieved. As is the courage of his Georgia — so we would like to hope.

For the moment, everything is contained in a short news report — yesterday morning Shevardnadze took part in a rally of thousands of Tbilisi people and the parliament discussed the situation. Security chief Giorgadze, who was in Moscow 29 August, flew out to Tbilisi — to "take the appropriate measures."

Security Official Comments on Attack

LD3008185795 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 30 Aug 95

[FBIS Translated Text] This morning Georgian Security Service officials visited Georgian radio. You will now hear the deputy head of the Georgian Security Service and head of its Tbilisi directorate, Major-General Teimuraz Grdzelidze.

[Begin Grdzelidze recording] The Security Service has been analyzing information on a certain group of

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individuals intending to carry out a terrorist attack on the head of state. Apart from that, they were also planning attacks on the Parliament building, the Krtsanisi government residence [outside Tbilisi] and the TV center. They were studying the movements of the head of state and the composition and size of his security team. The above-mentioned group had contacts in almost every part of Georgia. After the group started taking specific steps — in particular, bringing automatic weapons, ammunition and explosives to Tbilisi — and because of yesterday's terrorist act, which could have led to increased activity on its part, we decided to act on the information available.

Ten people have been arrested. In the interests of the investigation, I cannot give you their names yet. A large number of automatic weapons was confiscated. There were also various plans, maps, documents, seditious material, and drugs. This has been filmed and our TV viewers will soon see it all. I would like to show you a plan which was confiscated from that group. This is a plan of the area adjacent to Parliament. Points where they intended to position their people during an attack on the Parliament building are marked here.

Operational measures are still under way. Apart from operational squads, out combat units also involved in the operation.

The detained people have made their first statements. They admitted to their plans and to what they wanted to achieve. Our investigation directorate is working on this. It cannot be ruled out that this group may have links with other extremist or terrorist organizations. All this will be established by the investigation. After the investigation is over, more detailed information will be made available to the republic's population.

I would like to stress the following. We state categorically and warn everyone not to show mercy to anyone planning and wishing to talk in the language of weapons or to anyone planning to destabilize the situation in the republic and wreck the elections.

I want to take this opportunity to say that there have been attempts recently to shape an undesirable view of the State Security Service among the public. I would like to request everyone whom this concerns to stop groundless accusations against the State Security Service, its leadership, and officers. This is hindering our difficult operational work. [end recording]

State of Emergency Not Introduced

LD3008142795 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 30 (INTERFAX) — Contrary to expectations the Georgian parliament did not introduce the state of emergency Wednesday following the attempt to assassinate the Georgian leader Eduard Shevardnadze in Tbilisi Tuesday evening.

After the power ministers reported steps taken by the investigation deputies criticized them for their complete inability to combat terrorism and demanded their immediate resignation.

Meanwhile, Irakly Melashvili of the opposition Republican Party said the parliament can hardly pass any decision concerning the ministers without knowing the attitude of Shevardnadze who was absent from the debate.

Deputies decided to continue the session Wednesday afternoon and complete the discussion of the law on presidential and parliamentary elections.

Interior Ministry Placed on Alert

LD3008124295 Moscow INTERFAX in English 1003 GMT 30 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 30 (INTERFAX) — Georgia's Interior Minister Shota Kviraia has issued the order putting the Interior Ministry personnel in the state of alert. The order was signed on Tuesday night following a terrorist act on Georgian leader Eduard Shevardnadze on Tuesday evening. Shevardnadze was slightly injured.

All of the most important buildings in Tbilisi and other Georgian cities are being intensively patrolled," said a Ministry spokesman.

He also said that on Tuesday night not a single crime was committed in Tbilisi, which is a unique thing.

Accusations Arise in Aftermath

MM3008191395 Moscow IZVESTIYA in Russian 31 Aug 95 p 2

[Report by Besik Urigashvili under the general heading "What Lies Behind Attempted Assassination of Eduard Shevardnadze"]

[FBIS Translated Text] Eleven people were injured as a result of the explosion outside the Georgian parliament building on the evening of 29 August. The victims included Georgian head of state Eduard Shevardnadze, his chief of staff Petre Mamradze, Deputy Speaker Vakhtang Rcheulishvili, and several of the Georgian

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leader's bodyguards. The health of Eduard Shevardnadze, who suffered slight injuries to his face and arms, is said by the doctors to be OK. A few hours after the attack the Georgian leader was discharged from the hospital and has been at his residence in Krtsanisi, a suburb of the Georgian capital, since the morning of 30 August.

In conversation with this IZVESTIYA correspondent Georgian Internal Affairs Minister Shota Kviraia stated that the terrorists had set off a radio-controlled bomb underneath a "Niva" car parked outside the entrance to the parliament garage. The explosion happened when Shevardnadze was about to leave the parliament building for the Palace of Youth, where the ceremonial adoption of the new Georgian constitution was to have taken place.

According to Kviraia, all Georgian Ministry of Internal Affairs forces are looking for the terrorists, troops and armored equipment have been brought into the center of Tbilisi, and there are road blocks on all roads out of the city. The minister claims that it will be possible to track down the terrorists in the very near future.

Meanwhile, Shevardnadze himself assessed the explosion as an act aimed against him personally and against stabilization in Georgia. Prime Minister Otar Patsatsia did not rule out the possibility of a state of emergency being declared in Tbilisi. The question of the declaration of a state of emergency will be examined at a 30 August emergency session of the Georgian parliament.

The hard-line opposition has already hastened to state that the explosion is nothing more than an electoral trick by the Georgian leader, who is thus trying to strengthen his own positions on the eve of the parliamentary and presidential elections scheduled for 5 November.

Shevardnadze's supporters have pointed the finger at mafia structures led, they claim, by Georgian parliamentary Deputy Jaba Ioseliani. Ioseliani himself denies all the accusations, stating that although he is a political opponent of Shevardnadze's he does not accept terrorist methods in the political struggle.

Georgiy Baramidze [name as transliterated], one of the leaders of the Union of Georgian Citizens — or, as it is called, "Shevardnadze's party" — claims that Igor Giorgadze, head of Georgian intelligence and a former officer with the Soviet Army's Main Intelligence Directorate [GRU], is behind the terrorist act.

Owing to the assassination attempt against the Georgian head of state the ceremonial adoption of the new constitution has been postponed indefinitely. It was officially passed by parliament 24 August, but at the request of Mayor Niko Lekishvili of Tbilisi, the ceremonies were postponed for five days and were planned for 29 August.

The explosion outside the Georgian parliament is the 16th terrorist act in the republic in the past 18 months. The last terrorist victims were Georgiy Chanturia, one of the most promising young politicians in the country, and Soliko Khabeishvili [name as transliterated], a close aide of Eduard Shevardnadze's. As usual in the post-Soviet area, nobody has claimed responsibility for these acts of terrorism. The killers have not been found.

Deputies Assail Security Service

LD3008145895 Tbilisi CONTACT INFORMATION AGENCY in Russian 1230 GMT 30 Aug 95

[FBIS Translated Text] Tbilisi — An emergency sitting of the country's Parliament and government began at 1100 this morning. Parliament deputies leveled very serious accusations at the country's Security Service. According to the deputies, no efffort has been made to fight terrorism in the country and this phenomenon has become commonplace.

The speeches by a number of MPs contained unambiguous charges against Jaba Ioseliani MP, leader of the Mkhedrioni political association. In his speech, Ioseliani declared that the attempted assassination of the head of state had been staged to discredit the Mkhedrioni. This caused a storm of indignation among the MPs.

Elections To Be Held As Scheduled

LD3008130695 Moscow INTERFAX in English 1003 GMT 30 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 30 (INTERFAX) — The Georgian constitution, adopted by the parliament recently, will be signed in a few days. The presidential and parliamentary elections will be held according to schedule, say the Georgian parliament's and government's statements, published in Tbilisi on Tuesday night following an attempt on the life of Georgian leader Eduard Shevardnadze. During the terrorist act Shevardnadze was slightly injured.

Having condemned the terrorist act, the parliament and government stated that "despite certain destructive forces' attempts to undermine stability, the state will not depart a single inch from the democratic principles it proclaimed."

The Georgian constitution was to be signed on Tuesday. Shevardnadze was on his way to the signing ceremony when a Niva car exploded in the vicinity of the government cortege.

Elections are scheduled for November 5.

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Shevardnadze Dismisses Energy Chief

LD3008180095 Tbilisi IBERIA in Georgian 1200 GMT 30 Aug 95

[FBIS Translated Text] Tbilisi, 30 Aug — In accordance with a 29 August edict signed by the head of state, Givi Gamqrelidze, chairman of the Sakenergo Department, has been relieved of his duties.

Human Rights Official To Submit Resignation

LD3008180495 Tbilisi CONTACT INFORMATION AGENCY in Russian 1230 GMT 30 Aug 95

[FBIS Translated Text] Tbilisi [no date as received] — Sandro Kavsadze [name as received], chairman of the republic's Committee for the Protection of Human Rights and Interethnic Relations, and formerly minister of internal affairs of Georgia, and a Ministry of Internal Affairs general, announced yesterday that he is ready to submit his resignation to parliament and the government in order to use his knowledge in another walk of life.

Shevardnadze Meets Russian Defense Advisor

LD3008142595 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 30 (INTERFAX) — Georgian leader Eduard Shevardnadze received advisor to the Russian defense minister Colonel-General Vasiliy Lapshin in Tbilisi today.

Georgian Defense Minister Vardiko Nadibaidze also took part in the meeting, the Georgian Defense Ministry press center told INTERFAX.

Details of the meeting have so far not been revealed.

Nadibaidze told reporters after the meeting that Russian Defense Minister Pavel Grachev had decided to send his advisor to Tbilisi after he learned about the assassination attempt on Shevardnadze's life. Grachev and Nadibaidze were holding talks when the assassination attempt took place. The talks were suspended at Grachev's request.

Nadibaidze said Lapshin had come to Georgia to see the situation first-hand and possibly provide some urgent assistance. Nadibaidze declined to elaborate on what assistance Lapshin might provide.

Nadibaidze and Lapshin left for Moscow on the same day in order to continue the talks on military cooperation between Russia and Georgia.

Talks on Abkhaz Peace Settlement Begin in Moscow

LD3008105195 Moscow ITAR-TASS in English 1011 GMT 30 Aug 95

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW August 30 (ITAR-TASS) — Talks on the Georgian-Abkhazian peace settlement with the participation of all those involved in the conflict began in Moscow today, a spokesman for the Georgian embassy in Moscow told Tass.

The day before Aleksey Bolshakov, Russian Deputy Prime Minister and representative of the head of the Russian state at the talks, and Eduard Brunner, special representative of the U.N. Secretary-General, urged participants in the talks to display good will and readiness for cooperation in the quest for compromise solutions. "Hundreds of thousands of people, burned by the flame of the war and the internecine struggle, have the right to rely on participants in the talks to be able, at last, to put an end to this long conflict," says a statement, sent by them to ITAR-TASS.

In the opinion of Russia and the U.N., a draft protocol on the Georgian-Abkhazian struggle, drawn up during the previous stage of the talks, forms a basis for the establishment of peace in the region and creates the framework of the unified state to be created within the borders of the former Georgian Soviet Republic. The protocol makes it possible to start immediately the solution of problems, connected with the return of refugees to Abkhazia, and to begin the restoration of the national economy, destroyed by the war.

Although the statement shows that much hope is being pinned in Moscow on the current round of the talks, Russian diplomats expressed concern today over their future. In the opinion of a senior diplomat, who preferred to remain anonymous, the developments in Tbilisi on Tuesday may seriously undermine a possibility of achieving progress at the negotiations.

Abkhaz Minister on Protocol Rejection

LD2908162595 Moscow INTERFAX in English 1224 GMT 29 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 29 (INTERFAX) — During the Georgian-Abkhaz talks representatives of Russia and the U.N. did not exercise any pressure on Abkhazia because of the Abkhaz parliament's rejecting last week the draft protocol on settlement of the Georgian-Abkhaz conflict proposed by Russia, Abkhaz Foreign Minister Leonid Lakerbaya said.

Leonid Lakerbaya, the Abkhaz top negotiator, said after his meetings with the U.N. Secretary General's Special

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Envoy Edward Brunner and Russian Deputy Foreign Minister Boris Pastukhov, who mediate the talks, today that both their first and second meetings were very "correct and welcoming."

Lakerbaya said the mediators mainly wanted to know how Abkhazia would act at the future talks whose next round is to begin in Moscow on August 30.

The Abkhaz parliament rejected the draft protocol mostly because of the protocol's provision which fixes "the consent of the parties to live in a single federative state within the borders of Georgia as they were of December 21, 1991." "We would prefer to speak about a single united state," Lakerbaya said.

However, Lakerbaya said that "the name does not matter so much after all."

"The main point is that a document must be worked out which will take into consideration the interests of both Abkhazia and Georgia," Lakerbaya said. He said Abkhazia must deal with its problem itself "except the areas determined (in the future draft — IF) as the areas of joint activity."

Lakerbaya said the Abkhaz delegation was ready to act within the scope of the statement on measures for political settlement of the Georgian-Abkhaz conflict signed on April 4, 1994. He said the document set "the limits of a reasonable compromise" which Abkhazia was ready to accept.

Abkhaz Leader Criticizes Mediators

LD3008174995 Moscow INTERFAX in English 1237 GMT 30 Aug 95

[FBIS Transcribed Text] Sukhumi, Aug 30 (INTERFAX) — Abkhaz leader Vladislav Ardzinba has criticized Georgia and Russia, saying they are trying to impose on Abkhazia unacceptable solutions to the Abkhaz problem.

He said so in an interview with the RESPUBLIKA ABKHAZIA newspaper published today.

Ardzinba said Georgia and the Russian Foreign Ministry, which mediates the Georgian-Abkhaz talks, "have begun distancing themselves from the earlier signed documents on political settlement and return of refugees."

Ardzinba said Abkhazia supported the signed documents and was not going to abandon its position.

Ardzinba emphasized the importance of Russia's role at the talks but regretted that "Russia has not so far drawn up a clear policy in the Caucasus."

When asked if Georgia presented a military threat to Abkhazia, Ardzinba said: "We have enough strength and the capability to repel an aggression, especially remembering the war experience."

"If we manage to reach an agreement on political settlement of the conflict and Russia and international organizations become the guarantors of its implementation, we are ready to declare Abkhazia a zone free of arms," Ardzinba said.

Actions Taken To Satisfy IMF Reviewed

954F3227A Moscow FINANSOVYYE IZVESTIYA in Russian 22 Aug 95 p 5

[Report by Gabriel Namtalashvili, deputy editor in chief of SVOBODNAYA GRUZIYA: "IMF Appraises Reforms in Georgia Positively and Is Not Stingy With Credit"]

[FBIS Translated Text] The amount of $113 million, allocated by the IMF for Georgia within the framework of the rehabilitation "stand-by" credit, has already been transferred to the account of the country's National Bank, said the republic's First Deputy Prime Minister Temur Basilia. This money has been made available to Georgia for the period of 35 years, at 0.75 percent annual interest, with repayment deferred for 10 years.

The IMF had been engaged for two years in negotiations with the Government and the National Bank of Georgia on the program of stabilization and structural reforms. In the middle of last year, a summary report was prepared, in which IMF experts acknowledged that "after three years of growing imbalances and a sharp decline of production, the Georgian economy has found itself at a very critical stage."

It was noted then that very large deficit of the state sector had set in motion a vicious circle of a growing rate of inflation, declining income, and growing deficit, which has lead to increased financing through internal banking credit and hyperinflation.

In keeping with the agreement, the Government of Georgia was to carry out liberalization of bread prices and introduce prices for gas and electricity that would completely reflect the cost of their import in order to liquidate subsidies for these line items.

Strict demands were presented in the area of budget policy, stipulating a sharp limit on the use of bank credit. The Government of Georgia was asked to convert almost half of its unpaid past due internal debt into interest-free debt instruments repayable within three years, as well as to consolidate all its budget accounts in the National Bank of Georgia. Any financial aid to

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local organs of authority was to be channeled through the Ministry of Finance, which was asked to apply the system of cash disbursement in order to limit all expenditures incurred by the republic government to forecasted budget revenue and credit ceilings.

The Government of Georgia agreed to take measures aimed at increasing tax revenue, in particular, to raise the value-added tax rate from 14 to 20 percent, the base customs duty from 2 to 12 percent, and gasoline excise taxes from 10 to 15 percent, as well as to increase taxes on foreign currency points of exchange and repeal the tax on exports to non-CIS countries.

IMF Executive Director Michel Camdessus, who visited the republic, appraised positively the execution of these, as well as other, recommendations in the area of wages and social protection measures, monetary policy, foreign sector, and structural reforms. At the time, he described the Georgian leadership's efforts in the area of reforming the national economy with the word "bold" and promised future support.

Over a short period of time the republic has managed to rein in hyperinflation, bringing it down from 6 to 3 percent. The executive director also appraised positively the measures taken with respect to tightening the monetary policy, and stabilizing the exchange rate of the Georgian coupon, which "moved up even in relation to the ruble."

The "stand-by" credit is the second phase of IMF aid to Georgia. As is known, its board of directors already made a decision in December of last year to allocate to the republic $80 million within the framework of the mechanism of financing systemic transformations. Now another IMF mission is coordinating with the Government of Georgia the final program of macroeconomic and structural stabilization. If it is adopted, it was announced that during the third stage aid to the republic will be provided within the framework of preferential financing at 0.5 annual interest rate.

Georgian leader Eduard Shevardnadze believes that collaboration with the IMF is very important for the republic economy; it will enable stabilization of the financial system, private sector development, and recovery of priority sectors, first and foremost power generation.

Georgia is asked to boost the measures aimed at radicalizing economic reforms, budget stabilization, reducing inflation, tightening monetary relations, structural restructuring, speeding up privatization processes, land reform, and creating organizational and legal conditions for effective functioning of the economy.

It is considered very important to strengthen the system of taxation, increasing the revenue part of the state budget, almost half of which, as is known, comes from abroad. IMF experts do not accept the fact that the population consumes electric power and natural gas without paying for it, as well as the fact that the republic has accumulated large debt to its creditors.

The IMF promised to act as an intermediary of sorts in settling Georgia's arrears. The question of restructuring its foreign debt (estimated at $1 billion) will be discussed at the meeting of donor countries in Washington, although a very tough position of Turkmenistan, to whom Georgia owes more than $500 million for natural gas deliveries, has already been made known.

Turkey's Ciller Arrives for Official Visit

LD3108091995 Moscow ITAR-TASS World Service in Russian 0851 GMT 31 Aug 95

[By ITAR-TASS correspondent Tengiz Pachkoriya]

[FBIS Translated Text] Tbilisi, 31 Aug (ITAR-TASS) — Turkish Prime Minister Tansu Ciller arrived in Tbilisi today for a one-day official visit.

She was met at Tbilisi airport by Eduard Shevardnadze, Georgian head of state, and other leaders of the republic. In his welcoming speech, the Georgian head of state noted that "good, amicable relations" have developed in recent years between Georgia and Turkey. This is shown, in particular, he said, by the fact that Turkish President Suleyman Demirel has visited Georgia three times.

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Estonia

Vahi Comments on Meeting With FBI Director

WS3108121495 Tallinn BNS in English 1000 GMT 31 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 31, BNS — Estonian Prime Minister Tiit Vahi, on a working visit to the United States, met Wednesday [30 August] in Washington with Federal Bureau of Investigation Director Louis Freeh to discuss the fight against drug trafficking.

Vahi said he came away from the meeting with the conviction that the FBI will in the future help Estonia combat crime, the government press service told BNS. The cooperation between the bureau and Estonia will become closer very soon, Vahi said.

In the premier's words, the meeting stressed that combating organized crime is like environmental protection, which cannot be restricted to the problems of one country but has to view the matter in a worldwide context.

At a dinner given for the Estonian premier by U.S. Baltic Foundation President Jeff Nelson, Vahi emphasized that his Cabinet is going to stay the course of radical economic reform started in 1991-1992.

The prime minister said in his speech that a period of stabilization has begun in Estonian economy, the government press service informs. Estonia's inflation rate this year will be half of last year's, Vahi stated.

The premier answered questions about Estonian economy, financial sphere and policies asked by some 50 U.S. business and political figures attending the dinner. He emphasized that in future the geography of privatization should be extended to include the United States and that U.S. investments in Estonia should be encouraged in every possible way.

Vahi discussed the banking situation in Estonia, Latvia, and Russia at a meeting with the president of Baltic-American Enterprises, Brewster Campbell. Baltic-American Enterprises is a foundation set up to support the three Baltic states.

The Estonian premier had on Wednesday meetings also with representatives from the Essential Orbital Service and Comsat companies, who showed great interest in expanding into Estonia.

Vahi talked in Washington with Paul Goble, a former State Department senior official. They discussed in detail security and defense issues concerning Estonia, Russia, Europe, and the United States.

The prime minister is scheduled to have meetings with International Monetary Fund and World Bank officials on Thursday.

Tallinn Mulls Turning Naval Base Over to NATO

MK3008080695 Moscow KOMMERSANT-DAILY in Russian 29 Aug 95 p 4

[Report by Aleksey Toom and Andrey Smirnov under the "Russian-Estonian Relations" rubric: "NATO Can Take Soviet Military Bases Without a Fight"]

[FBIS Translated Text] After the USSR's breakup the Russian Navy lost its bases in the Baltic states. What does the future hold for the ports vacated by the Russian military? Last week's visit by German Defense Minister Volker Ruehe gives one grounds to believe that NATO is very interested in using these military facilities. Specifically, the issue is a former Soviet nuclear submarine base in the Estonian port of Paldiski. Judging by official information, the head of the Bundeswehr discussed with Estonian authorities the possibility of using the base within the framework of cooperation between Estonia and NATO.

Paldiski, where nuclear submarines were deployed and a training center for the nuclear underwater fleet was located in the Soviet era, undoubtedly holds geostrategic interest for the military. At the same time, local observers believe that NATO's attention to the base strengthens Russia's opposition to the idea of enlarging the alliance eastward at the expense of the East European countries, let alone the former USSR republics. Paldiski is too close to Russia's borders, and too wide-ranging would be the prospects in the Baltics for those who hold it. Generally speaking, the eastern coast of the Baltic Sea constantly draws the attention of both NATO and the Russian military. During Ruehe's visit, the North Atlantic Alliance announced via the German defense minister, perhaps, for the first time, its strategic interest in this particular Baltic port, which calls into question the equilibrium of NATO's and Russia's stances on the Baltic states that has taken shape up until now.

Russian diplomacy has spent much effort convincing the Baltic countries that their desire to secure NATO's protection is unreasonable. On the whole, futile attempts by Moscow to keep Estonia, Latvia, and Lithuania (they are participants in NATO's "Partnership for Peace" program and insistently express their desire to join NATO in the foreseeable future) have still yielded indirect results: NATO regards with utmost care everything that may have a bearing on its relations with the Balts, who are eager for increasingly close cooperation. A program for enlarging the NATO alliance eastward, which was

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drawn up under German diplomat Gebhard von Moltke and was recently made public by DER SPIEGEL, places the Baltic states at the very end of the queue of those waiting to join the alliance; this worried Baltic leaders. Estonian President Lennart Meri said that "there can be no logical, military, or political justification for admitting some countries of Central and Eastern Europe — and refusing others." To the not inconsiderable disappointment of the Balts, the German minister in the course of his visit did not tire of reminding them of the objective difficulties of NATO rapidly accepting the countries of this region. This includes both the position of Russia and the unpreparedness of both NATO and the Baltic countries for closer cooperation.

As of today, the sole realistic possibility of integrating the Baltic states into West European military structures is the fostering of cooperation with the West European Union and NATO's "Partnership for Peace" program, to which Russia has recently acceded. It should be noted that hypothetically the program makes it possible to "bypass" Moscow's unwillingness to see NATO naval bases at such a strategically important location for Russia as the Baltics. The thing is that the program does not provide for specific forms of cooperation between its participants and NATO: This may be a factory sewing servicemen's pants or a cartridge-making plant, but it may also be a naval base, where NATO specialists will train national personnel for the local countries' navies. Under this pretext, NATO military ships may well be deployed in Baltic ports.

Be that as it may, whether the possibility of setting up a NATO base in Paldiski is realistic or Volker Ruehe's visit there was only prompted by the desire to cheer up the Balts and to watch Moscow's reaction — the inspection designed to ascertain whether "the ports of Paldiski are suitable for cooperation with NATO" is bound to add fuel to the fire in the dispute over the advisability of enlarging NATO eastward. Even a hint at the possibility that a NATO naval base may emerge in the vicinity of Russian borders is unlikely to be taken calmly by Moscow.

Meri Appoints Reinart Representative to OSCE

WS3008105695 Tallinn BNS in English 1357 GMT 29 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 29, BNS — President Lennart Meri on Monday [28 August] named Vaino Reinart Ambassador Extraordinary and Plenipotentiary of the Republic of Estonia and Estonia's permanent representative to the Organization for Security and Cooperation in Europe.

Vaino Reinart was born on Dec. 28, 1962. He has worked at the Estonian foreign ministry since Feb. 1992. The diplomatic rank of ambassador was awarded to Reinart by the president in Jan. 1994.

On Jan. 14 the same year the Cabinet gave Reinart the credentials of head of the Estonian delegation at bilateral Estonian-Russian talks.

Defense Minister on Cooperation With Germany

LD3008195495 Tallinn Radio Tallinn Network in Estonian 1400 GMT 30 Aug 95

[FBIS Translated Text] Estonia hopes to receive from Germany its first fully up-to-date military ship. Defense Minister Andrus Oovel discussed the possibility of acquiring a new ship with the German naval commander Vice-Admiral Hans-Rudolf Boehmer in Tallinn today. Since Germany intends to reduce its navy, the German naval commander promised to work for Estonia also acquiring a ship.

The Estonian Navy's flagship is in fact a ship obtained from Germany, of the Kondor class. According to the Estonian Defense Ministry, however, the ship is outdated and more and more problems surface with spare parts for its maintenance.

Andrus Oovel handed a letter to Vice-Admiral Boehmer, to be forwarded to German Defense Minister Volker Ruehe. The letter contains specific proposals for possible cooperation on equipment for the classrooms at the military training center at Paldiski and on technical supplies for the navy.

The German naval commander, Hans-Rudolf Boehmer, was in Estonia on a one-day visit.

Foreign Minister Departs for Denmark

WS3008105395 Tallinn ETA in English 1826 GMT 29 Aug 95

[ETA "News Release"]

[FBIS Transcribed Text] Tallinn, August 29 — Estonian Foreign Minister Riivo Sinijarv departs for Denmark Tuesday [29 August] evening to participate at the meeting of Nordic and Baltic states' Foreign Ministers in Kolding.

Foreign Minister of Iceland Halldor Asgrimsson, of Norway Bjorn Tore Godal, of Sweden Lena Hjelm-Wallen, of Finland Tarja Halonen,of Denmark Niels Helvig Petersen, of Lithuania Povilas Gylys, of Latvia Valdis Birkavs and of Estonia Riivo Sinijarv will discuss regional security, cooperation of Nordic and Baltic states and integration to Europe.

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Foreign Ministry spokeswoman Mari-Ann Kelam told ETA that the Baltic states hope for support from EU member Nordic states to speed up their ratification of association agreements with the EU.

Estonian delegation returns from Denmark on Thursday. Estonian FM is also to hold several bilateral meetings with representatives of Danish government and business circles.

Government Endorses Travel Agreement With Finland

WS3008105795 Tallinn BNS in English
1910 GMT 29 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 29, BNS — A major step was taken towards visa-free travel between Estonia and Finland: the Estonian government endorsed the draft of a bilateral agreement on the readmission of persons illegally arriving or residing in the country.

The government on Tuesday [29 August] discussed and approved the draft of the Estonian-Finnish agreement. The Estonian and Finnish interior ministers will presumably sign the agreement on the readmission of illegal immigrants at the end of September, Interior Minister Edgar Savisaar told journalists.

Foreign Minister Riivo Sinimets said the signing of the agreement would be the second major step in the introduction of a visa-free regime between Estonia and Finland. Finnish authorities have named such an agreement as one of the preconditions for starting talks on the introduction of a visa-free regime.

"Delegations will be appointed after the agreement has been signed and talks will begin on the establishment of a visa-free regime with Finland," the Estonian foreign minister said.

Establishment of a visa-free regime between the two countries was also discussed at the meeting in May of Presidents Lennart Meri and Martti Ahtisaari. Then the Finnish side said a bilateral crime prevention agreement signed by today was one of the main conditions of the introduction of the visa-free regime.

Government Seeks To Simplify Border Crossing

WS3008110195 Tallinn BNS in English
1910 GMT 29 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 29, BNS — The government will next week appoint a delegation for talks with Russia to find a solution to the border crossing problems of people residing in the border areas.

A simplified border crossing regime will be established later this year, Interior Minister Edgar Savisaar told journalists on Tuesday [29 August]. He said also former goverments had promised to solve this border areas residents' problem, but had failed to name concrete deadlines.

"Preparation of the respective documents and the process of talks have developed so much that the problems of simplified border crossing will be solved in the course of this year," Savisaar said.

The interior minister said the Cabinet had on Tuesday committed itself to drawing up the drafts of decrees regulating a simplified border crossing order.

In the foreign ministry talks with the Russian side for the signing of a respective agreement have been going on for some time.

"We can now talk constructively with the Russian side on these issues," Foreign Minister Riivo Sinijarv said. "Estonia wishes short-term border crossing to take place by visas. The Russian side will obviously establish a somewhat different order, but this is the sovereign right of each side."

The Cabinet on Tuesday worded a decision planning measures to inspect the activity of the government's border areas committee. Also the Cabinet decided to start airing Seto Radio programs and intensify social aid to Estonians living in the Petserimaa area.

Independence Party, Pro Patria Agree To Unify

WS2808133395 Tallinn BNS in English
1600 GMT 26 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 26, BNS — Members of the Estonian National Independence Party (ENIP) assembled for its congress on Saturday unanimously approved a decision to unite with the Pro Patria National Coalition Party.

101 ENIP members were in favour of the ENIP and Pro Patria unification decision, two abstaining and no one against. The draft of the two parties' unification agreement drew nearly the same number of supporters — 95, with two against and 10 ENIP members abstaining.

The draft of the agreement for the unification of the Esonian National Independence Party and Pro Patria was drawn up by Juri Adams, an ENIP member and former justice minister, and revised by ENIP chairman Tunne Kelam and Pro Patria chairman Mart Laar.

The preamble of the agreement says the unification of ENIP and Pro Patria keeps national interests in mind and is directed at the creation of a monolithic and efficient right-of-center party.

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The unification of the two parties will become conclusive only after a unification decision is taken and the unification agreement is approved also by a Pro Patria congress and a joint congress of the two parties has endorsed the new party's program and constitution and elected its leading bodies. After unification all present ENIP and Pro Patria members will automatically become members in the new party, with the exception of those who do not wish to do so. The united party will assume all present ENIP and Pro Patria obligations.

Until the convocation of the joint congress the new party will be directed on the basis of an alliance agreement signed between ENIP and Pro Patria in May.

Latvia

Soviet External Passports Needed for Baltic Travel

LD3108110195 Riga Radio Riga Network in Latvian 0900 GMT 31 Aug 95

[FBIS Translated Text] As of 1 September, permanent residents of Latvia who are not national citizens will need identity cards or former Soviet external passports which have been re-registered with the Interior Ministry and have a valid return visa in order to travel to Lithuania and Estonia. Former Soviet internal passports will no longer be valid for travel to the two neighboring states. Such a procedure is laid down in a protocol on travel procedures for foreigners living on the territory of Latvia, Estonia, and Lithuania signed by the Baltic state governments this June, which comes fully into force on 1 September.

In Latvia, the Interior Ministry is providing permanent noncitizen residents with travel documents.

Travel Regulations With Russia Eased

WS3008144795 Tallinn BNS in English 1000 GMT 30 Aug 95

[FBIS Transcribed Text] Riga, Aug 30, BNS — The delegations of the Latvian and Russian foreign ministries have reached a conceptual agreement that stateless persons will be able to use their identity certificates for travelling to Russia.

The news was told a press conference on Tuesday [29 August] by the Latvian Foreign Ministry's deputy state secretary in legal and consular affairs, Atis Sjanits.

Both sides agreed to exchange notes in the near future, thus making the necessary changes in the treaty on former Soviet citizens', who reside in Latvia and have neither Latvian nor Russian citizenship, travelling to Russia and returning to the place of their permanent residence. The treaty was signed in December of 1994.

Sjanits said that the Russian delegation proposed to faciliate travelling rules for both states' citizens. It advised to sign an agreement on visa-free regime introduction for persons holding e.g. diplomatic passports as well as for crew members of civil aviation planes, ships, trains and other transport vehicles.

The Latvian delegation proposed to accelerate solving the matters related to illegal immigration and called Russia to begin consideration of the Latvian Foreign Ministry's submitted draft agreement on sending back the illegal immigrants.

Sjanits said that the Latvian representatives asked Russia to pay more attention to security of consular officials and guarding the consular buildings.

Delegations of the Latvian and Russian foreign ministries and leaders of consular establishments met on Aug. 28-29.

National Program Brings Legislation in Line With EU

WS3008144895 Tallinn BNS in English 1000 GMT 30 Aug 95

[FBIS Transcribed Text] Riga, Aug 30, BNS — Latvia's European Integration Bureau is drafting the National State Program for coordinating the legislation of Latvia and the European Union (EU), Latvian Foreign Ministry's Multilateral Relations Department Director Iveta Sers said Tuesday [29 August] at a press conference.

The program is being drafted on the basis of the "White Book" which was introduced at the end of 1994 and provides demands which must be fulfilled by the associate countries when integrating into the EU. The book also states duties of the EU member states and the EU Commission.

Sers said that the current situation in the Latvian legislation will be analysed in the program by stating contradictions with the EU legislation in the already passed laws and evaluating the documents which are being prepared at the moment.

The second part of the document will include a training program for officials who will be involved in the process of legislation coordination.

Sers noted that the EU Commission has not fulfilled several duties, given by the "White Book." For example, the commission has not financed the book's translation into the Latvian language and has not given individual consultations for drafting the National State Program.

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NATO Stance on Baltic Entry Said To Be Unchanged

WS3108104495 Tallinn BNS in English 1900 GMT 30 Aug 95

[FBIS Transcribed Text] Riga, Aug 30, BNS — Members of the North Atlantic Treaty Organization maintain they have not changed their stance on enrolling the Baltic states, Latvian Foreign Ministry State Secretary Maris Riekstins said Wednesday [30 August].

All membership candidates will enjoy equal opportunities to join the alliance as they are not divided into special categories, authorities told Latvian diplomats in Paris, London, Bonn and Washington.

Thus, information spread Aug. 22 by the Reuter agency about the little chances of the Baltic states to enter NATO has not been confirmed.

The information was based on statements by anonymous western diplomats.

The story was possibily connected with "interior political fights" in Germany because the time of its release coincided with the visit of Defense Minister Volker Ruehe to the Baltic states.

Lithuania

Brazauskas Concerned At Possible Exclusion From NATO

LD3108110795 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 31 Aug 95

[FBIS Translated Text] Lithuania wants to be treated on equal terms with other Central and East European states and is concerned that, along with neighboring Baltic states Latvia and Estonia, it could be excluded from the first round of NATO expansion, President Algirdas Brazauskas said.

NATO should not sow divisions between any of the former communist Central European nations, Algirdas Brazauskas said in an interview to REUTER, adding that Europe must not remain divided.

In response to warnings from some Western politicians that acceptance of the Baltic states into NATO would upset Russia, Lithuanian President Brazauskas thinks that the alliance itself should work to allay Moscow's concern. NATO should work harder for better mutual understanding with Russia, Algirdas Brazauskas noted.

Lithuania is one of the first and most active participants in the NATO Partnership for Peace program and regards its membership in the Western defense alliance as one of the most important national security priorities. Lithuania also aspires for membership in the European Union, the Baltic News Service reported.

Indian State Minister Arrives in Vilnius

WS3108103895 Vilnius ELTA in English 1738 GMT 30 Aug 95

[From "News Bulletin" No. 832]

[FBIS Transcribed Text] Vilnius, August 30, ELTA — India's State Minister for Foreign Affairs Salman Khursheed started on Wednesday [30 August] his official visit in Lithuania.

Tomorrow, the Indian official is scheduled to meet Lithuanian President Algirdas Brazauskas, Prime Minister Adolfas Slezevicius, Foreign Minister Povilas Gylys and members of the Seimas Committee for Foreign Affairs.

Khursheed and Gylys are expected to sign a protocol of bilateral consultations between Indian and Lithuanian foreign ministries.

Khursheed is the first senior Indian official to visit this country.

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